FirstRand

2021

remuneration report

for the year ended 30 June

contents

Letter from the chairman of the remuneration committee to stakeholders

chairman's report

> "The normalised earnings growth of 54% for the year under review is testament to the strength of FirstRand's franchise and its ability to capitalise on the economic rebound taking place across the markets where we operate. One must bear in mind the base effect created by the depressed performance in the prior year, due to increased impairments raised in response to the impact of the Covid-19 pandemic. However, it's equally important to focus on the group's current year pre-provision operating profits, which exclude impairments. These increased 5%, a commendable outcome given the tough operating environment."

FirstRand was able to deliver normalised earnings growth of 54% and ROE of 18.4%, back within the target range of 18% to 22%, reflecting the underlying quality of the group's earnings. The group produced R4.9 billion of economic profit which we measure as net income after cost of capital (NIACC), which is our key performance measure.

We took an appropriate stance to meet the weaker economic environment and particular challenges presented by switching most of our employees to working from home, as well as in many cases the way we do business with our customers. We focused on financial resource management (FRM) principles as the anchor of our strategy, in particular:

- Carefully price for financial resources.
- Appropriately provide against lending portfolios.
- Apply strict cost management.
- Further strengthen and appropriately tilt the balance sheet for the macro outlook.
- Accrete capital and net asset value (NAV) – the deployment of capital to reflect the updated cost of equity.
- Emerge from Covid-19 with limited vulnerabilities, with capital for growth.

I'm pleased to say that, for the most part, the group delivered on this strategy. Earnings recovered faster than expected, with ROE and NIACC improving strongly. The group's Common Equity Tier 1 (CET1) ratio increased to 13.5% (2020: 11.5%) and the group is in a position to pay a full-year dividend at the bottom end of its cover range (56% payout).

As you will see when reading this report, a key focus for the group has been restoring the previous high watermark of earnings achieved in 2019. The progress in this period has taken us closer to it than we expected at the start. This reflects the quality of FirstRand's portfolio, the strength of its customer franchise and its ability to benefit from the economic rebound that is taking place.

Remuneration pool

The group's performance management framework is anchored to NIACC and the remuneration committee (Remco) considers NIACC over a six-year business cycle. Given that the overall value creation to shareholders over that entire six-year period was positive, a short-term incentive (STI) pool was awarded in both 2020 and 2021.

The 2021 STI pool increased 45% compared to the prior year. This outcome was driven in particular by:

> The 54% increase in normalised earnings.

> Positive NIACC of R4 857 million in the current year (compared to a negative R1 443 million in the prior year).

> An improvement of ROE from 12.9% to 18.4%.

However, Remco was mindful that the 2019 earnings high watermark was not achieved and as such the STI pool increase should be lower than the earnings growth.

Ultimately the demonstration that shareholders have done better than management for the previous year and current year lies in the following:

> For the year to June 2020 the STI pool reduced 43%, more than the decline in earnings of 38%.

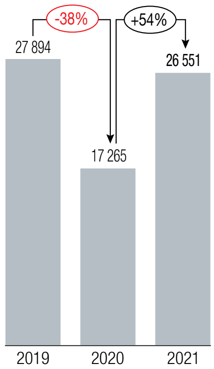
> For the year to June 2021 the STI pool grew 45%, less than the increase in earnings of 54%, as both earnings and ROE have not fully recovered. This is further reflected in the fact that the 2021 STI pool is still lower than the 2019 level.

For executive directors and prescribed officers (excluding the Aldermore prescribed officer), STIs increased 30%. This is below the overall pool growth given that 2019 earnings have not yet been exceeded. Overall, the current year STI award is 75% of the 2019 award.

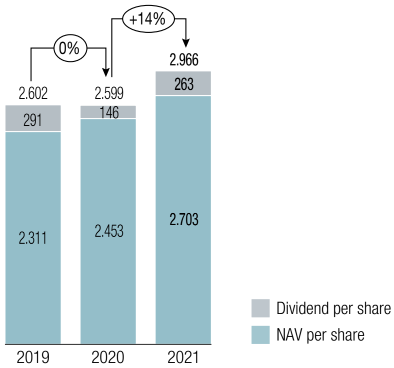
With the inclusion of the Aldermore prescribed officer, the STI increase is 56% as no STIs were awarded in Aldermore in the previous year.

All the executive directors' and

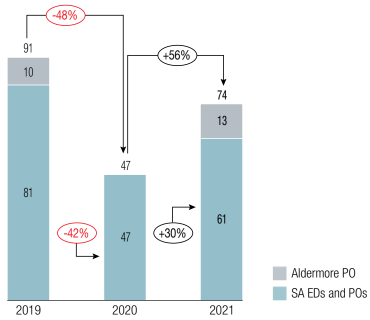
Normalised earnings



NAV plus dividend per share



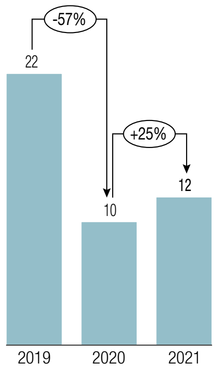
Executive STI



Louis von Zeuner ~ Chairman

prescribed officers' STIs for 2021 are below the 2019 level (at an individual level) and the CEO's STI increased by 25% after falling 57% in the prior year, as detailed below.

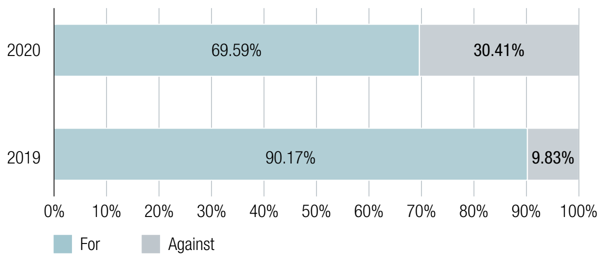
CEO's STI



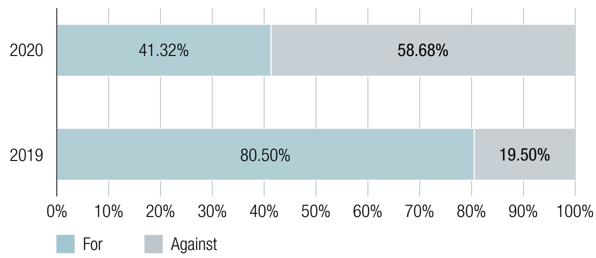
Shareholder engagement

The remuneration policy and implementation report for the year to June 2020 were tabled at our annual general meeting (AGM) in December 2020 for separate non-binding advisory votes by shareholders. The results (shown below) did not meet the 75% threshold set by the listings requirements.

Remuneration policy



Implementation report



During the year, the remuneration committee engaged with shareholders on several issues, in line with our obligations under the King IV Code and JSE Listings Requirements. We aim to ensure that our shareholders are fully appraised of our remuneration policies and their implementation, as well as for the committee to fully understand the concerns of shareholders.

During the year, the following engagements were held:

DATE	ENGAGEMENT
October 2020 (pre-AGM)	The chairman of the board and the chairman of Remco hosted a virtual environmental, social and governance (ESG) roadshow with FirstRand's largest international and local shareholders. The focus of the roadshow was the 2020 Remuneration policy and implementation report.
25 January 2021	The 2020 non-binding advisory vote did not meet the 75% support threshold. Remco invited shareholders to provide feedback via teleconference.
June – July 2021	A subcommittee of Remco hosted a virtual roadshow for FirstRand's largest international and local shareholders to provide insight into Remco's response to shareholder concerns, and to elicit additional feedback.
Throughout the year	> We engaged proxy voters to understand their methodologies and voting recommendations on FirstRand's remuneration policy and implementation report. > We responded directly to individual investor feedback on remuneration.

Changes implemented during the year

In response to shareholder feedback we have made changes to our remuneration approach and disclosures, which we highlight below.

SHAREHOLDER FEEDBACK	REMCO RESPONSE
Covid-19 awards in 2020: > Not subject to performance conditions. > Possible that both the Covid-19 third tranche and 2020 long-term incentive (LTI) vest in 2023. > Covid-19 award recipients will benefit from a share price uplift. > Perception that management was protected from the pain that shareholders experienced. > The potential upside shared with management, as the economy recovers, appears disproportionate to the downside experienced by shareholders in the prior year.	> We spent valuable time discussing the rationale for this award with shareholders. The key motivation was to deal with the retention risk created by the failure of the 2017 and 2018 LTIs, and the high risk of failure of the 2019 LTI. These awards were 100% at risk for over 4 000 professionals in the group, a far deeper reach of LTIs based on group performance conditions compared to other local banks. Remco believes it has a fiduciary duty to ensure key talent is retained, and this intervention was important and appropriate in the context to ensure the group was not a market outlier in the value of LTIs available to senior staff. The value of the Covid-19 instrument was struck at half of the original value of the 2018 and 2019 LTIs, so employees experienced a material reduction in remuneration. > We clarified the retention features of the award. It is a one-off award that vests in three tranches with ongoing employment as a condition for each tranche. Clawback applies to each year's vesting so that the award acts as an effective four-year retention tool. This long vesting period is intentional but could mean that the 2020 LTI, which is a three-year instrument, will vest simultaneously with the third tranche of the Covid-19 instrument. Remco did consider vesting over two years, however its final view was that the Covid-19 award's long vesting period promotes retention, which is the priority. > The cost to shareholders is capped at award value as the share price is fully hedged and employees are aligned to shareholders as the award vesting value is based on share price performance (both under- and over-performance). > We did, however, change some features following shareholder feedback, in that we introduced performance conditions for executive directors and prescribed officers for all three tranches of the instrument, including both financial and risk elements. The financial conditions are based on the target range of group ROE and aligned to a clawback period over the financial year ends of 2022 to 2024. This was deliberate, because when these conditions were being finalised the group was six months into the first year of the award and Remco felt it inappropriate to set targets with hindsight. Accordingly, the conditions will not apply to the first financial year, but to the three subsequent years. These changes are detailed further in the implementation report.
The 2020 LTI targets seem low, especially at lower end of vesting level, i.e. threshold vesting can happen when the return on equity is below its cost of equity.	> In 2020, the group strategy was to strengthen and protect the balance sheet in order to emerge well from the Covid-19 crisis. To achieve this, Remco aligned the LTI conditions to this strategy, including maintaining liquidity, capital and provisioning. It is important therefore to judge performance on these specific conditions for this period.
Appropriateness of LTI targets	> We believe that LTI targets drive shareholder alignment, as vesting conditions reference ROE and earnings growth over a three-year period. > FirstRand has applied performance targets for both these indicators, rather than assigning weightings to each target. This means both conditions must be met simultaneously as opposed to individual performance conditions. > The group has consistently stated its intention to first and foremost protect ROE and will not "chase" growth at the expense of returns. As such ROE minimum targets must be met for any vesting.
Better transparency on STI pool determination and quantum	The group has improved its disclosure on the determination of STI pools, which we detail in the policy overview and implementation report.
No STI caps (maximum award) apply	Remco has implemented caps on STIs, set relative to the guaranteed packages of executive directors and prescribed officers. The specific caps applied to the 2021 STI and going forward are disclosed in the policy overview.
STI pool will benefit from the unwind of impairments	Remco is of the view that it is appropriate that employees experience what shareholders experience. Accordingly, earnings and therefore STI pools decrease and increase respectively with the raising and unwind of impairment provisions.

SHAREHOLDER FEEDBACK	REMCO RESPONSE
The executive scorecard needs to be refined for better transparency on pay for performance, with enhanced emphasis on ESG.	Effective 2021, Remco introduced a single scorecard for determining executive STI allocation, with the ESG pillar now incorporated, with a 20% weighting. There has been a recalibration of rating categories and subcategories, with a five-point scale guiding Remco for STI reduction or increase, which is detailed in the implementation report. This replaces the two-pillar approach, with a financial score (covering financial, strategic, and risk and control considerations) and a non-financial score (covering ESG) used in previous periods.
STI pools need to consider the impact of impairment of intangible assets.	Effective from 2021, when determining the inputs for the STI pool Remco explicitly included the impact of any intangible asset impairments excluded from headline earnings and normalised earnings. Consequently, the STI pool will reduce for any intangible asset impairments (as was the case in the current year).
All LTIs are not subject to performance conditions.	All LTIs issued from 2021 are subject to performance conditions. We explain the context for the change below.

In addition to the above changes, Remco also reviewed several other remuneration features as explained below.

MINIMUM SHAREHOLDING REQUIREMENT

With effect from 1 September 2017, executive directors and prescribed officers were required to hold FirstRand shares to the value of at least 50% of their last three years' annual post-tax LTIs that had vested. The first compulsory assessment was set for September 2022 or end September five years after their employment start date, whichever is later.

However, since the 2017 and 2018 long-term incentive awards failed to vest, the existing policy meant that employees covered by the minimum shareholding requirement would be required to hold few, if any, shares. This defeated the purpose of the policy, which is to ensure the long-term alignment of senior executives with shareholders. We therefore adjusted the mechanism that sets the target minimum shareholding to be based on guaranteed pay. This means there is always a minimum requirement, irrespective of the outcomes of variable pay. This new approach materially increases the required minimum shareholding. We describe the policy as it now stands in the policy overview and the current level of compliance in the implementation report.

ALL LTI PLANS HAVE PERFORMANCE CONDITIONS

In line with FirstRand's performance culture, LTIs were used for a wide base of senior employees and incorporated both individual and group performance conditions. The Covid-19 pandemic meant the group will experience multiple years of vesting failures (two of the awards have already failed), and therefore our retention risk was elevated given that many of our peers did not face vesting failures across all management levels because their allocations of equity instruments with group performance conditions were more limited. In response to this risk Remco decided to materially narrow the eligibility for LTIs with group performance conditions to executives and senior managers. This is aligned to the principle that since these individuals influence the performance of the group, they should take risk on its delivery and their LTIs should fail if the conditions are not met. Employees who were excluded from the LTI plan became eligible for the deferred incentive plan.

DEFERRED INCENTIVE PLAN

To retain and incentivise senior employees with scarce skills who do not participate in the group's LTI plan (which was restructured as explained above), we introduced a new short-term, share-linked incentive, with vesting in three years, called the deferred incentive plan (DIP). This instrument is only allocated to high performers with scarce skills, based on individual performance objectives included in performance appraisals. Executive directors and prescribed officers are not eligible for this type of STI. Senior managers qualify for both LTIs and DIPs. The awards are further explained in the policy overview.

The value of the DIP pool for eligible employees was set at 15% lower than the pool that would have been set aside under the previous LTI plan. This 15% reduction is appropriate given the higher probability that the DIP will vest.

REVERTING TO TWO-YEAR DEFERRAL PERIOD FOR EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' DEFERRED BONUS AWARD

For executive directors and prescribed officers half of their short-term incentives in excess of R2 million were automatically converted into a deferred bonus award, linked to the FirstRand share price, that vested in equal tranches over two and three years. During the year, Remco reverted to a two-year vesting period for the full award consistent with all employees. Remco reverted to the previous approach given that the resulting level of deferred variable remuneration is considered appropriate. The mix changes made over the past two years have resulted in a greater proportion of executive director and prescribed officer reward tilted toward LTIs.

CHANGE TO LTI THRESHOLD VESTING

For LTIs awarded to executives and senior managers, Remco reduced the threshold vesting level from 70% to 50% of the target vesting amount. Delivery below threshold results in no vesting. This is more demanding compared to graded vesting that starts from a lower base even with sub-threshold performance.

Other Remco considerations

2021 LTI CONDITION SETTING AND APPROACH

Long-term incentives are an important part of our remuneration approach. The conditions for LTIs to vest are that we require both ROE and earnings growth thresholds to be met. We believe this is more stringent than most of our competitors where performance measures are individually measured. We set this high standard because we believe that focus on ROE is fundamental to shareholder value creation and earnings growth must be achieved to increase NAV over time. There is a tension between earnings and ROE, in that earnings quality and returns can be sacrificed to achieve growth and we want our senior employees to actively manage this tension to deliver optimal outcomes for shareholders. We have previously debated the appropriateness of this approach as it differs from market practice, but we decided to retain it given that it supports superior shareholder value creation.

Remco accepts that the current LTI structure makes it more difficult for LTIs to vest. In practice, both conditions can constrain the vesting level depending on the outcome. For example, the 2018 LTI ROE condition was met, but the earnings growth condition was not met so the instrument failed. If a weighting was assigned to each of these conditions, say equally, potentially up to 50% vesting could have resulted based on the ROE outcome.

The 2021 vesting conditions for the threshold (50% vesting), on-target (100% vesting) and super stretch (150% vesting) levels were set with this in mind. Remco views the conditions for the 2021 LTI awards as sufficiently challenging and achievement would deliver strong shareholder value creation. Remco considered it appropriate for the ROE threshold vesting condition to be at 17%, as it is still well above the group's cost of equity (i.e. positive NIACC) and, combined with the earnings growth threshold of at least nominal GDP, the achievement of these two threshold conditions would contribute to shareholder value creation. For on-target vesting of 100% the conditions are more onerous, with earnings growth significantly above the growth in the economy and the ROE within the group's target range of 18% to 22%. For super stretch vesting of 150% the conditions will result in significantly higher shareholder value creation, with required ROE of at least 20% combined with annual compounded earnings growth of 14.6% (using current real GDP and consumer price index (CPI) forecasts as an indicator for economic growth).

FAIR AND RESPONSIBLE REMUNERATION

Remco is cognizant of the importance of fair and responsible remuneration. Its approach is explained in detail in the *Policy* and *Implementation* sections.

Use of consultants

Remco makes use of two primary sources for remuneration data, PwC and Remchannel. The following categories of data are used to inform executive remuneration:

> Remuneration disclosures of other financial services institutions for executive directors and prescribed officers; and
> Remchannel for executive remuneration data not disclosed in annual reports.

We also used:

> Mercer (for executive remuneration);
> McLagan (for investment banking roles in SA and the UK);
> Willis Towers Watson (for Aldermore); and
> Emergence Growth (for rest of Africa subsidiaries).

Other than executive benchmarking, the group consulted PwC for advice on remuneration trends in the market related to executive pay, short-term and long-term incentive trends and design as well as to review our existing remuneration practices. Aldermore utilises FIT for remuneration advice and services.

Future focus areas

Remco will remain vigilant to ensure all our remuneration practices are aligned with the strategic objectives of the group. We are operating in a particularly dynamic environment and additional focus areas will be added over time. However, the following areas are particularly important for us in the next 12 months:

> Ongoing engagement with shareholders on remuneration matters.
> Refinement of executive scorecards to remain aligned to changes in the market, including ESG outcomes.
> Continue research and evaluation of remuneration best practices.
> Ensure appropriate remuneration mix across all staff levels.
> Ensure that our fair and responsible pay practices continue to evolve, and remain relevant to both business requirements and market changes.

In conclusion

FirstRand employees delivered a highly positive outcome for shareholders during a difficult period. This performance naturally reflects in the growth of short- and long-term incentive awards to employees, but I am pleased that we again demonstrated that employees are rewarded for delivering to shareholders. The positive NIACC and earnings growth has exceeded growth of both short- and long-term incentives. Remco has performed its role diligently during the period and I believe the remuneration policy achieved its objectives.

We have ended the period in better shape than we had expected at the start. The prospect of returning to the performance of 2019 has become clearer and is likely to happen sooner than we had expected a year ago. The remuneration strategy will continue to incentivise staff to achieve this outcome. We can then look forward to developing the group in line with our strategy, having successfully defended it through an unprecedented crisis.

We will continue to work with our stakeholders to ensure remuneration practices deliver the appropriate outcomes.

remuneration governance

FirstRand's remuneration practices are governed by Remco, which is a subcommittee of the main group board of directors. This committee met eight times during the financial year. It is assessed annually for its skills, independence and efficacy by the company secretary and by an independent external service provider every second year. No concerns were raised during the assessment for the period. The committee draws on several other bodies in the group, including separate remuneration committees for each segment and subsidiary, which all consider individual awards within prescribed threshold levels. These committees all have non-executive director members who can feed back and escalate any issues to the group Remco. The group Remco is solely responsible for determining remuneration of executive directors and prescribed officers, and reviews all employees earning above a threshold, in line with King IV and Banks Act regulations.

Remco is also mindful of the various regulatory and governance requirements in each jurisdiction where it operates. As set out in various sections of this report, there are some differences in remuneration policies that apply particularly in UK operations, reflecting different requirements in those jurisdictions as well as the legacy remuneration schemes that were in operation when some businesses were acquired.

Remco membership

COMPOSITION	DESCRIPTION	MEETING ATTENDANCE
LL von Zeuner (chairman)	Independent non-executive director	8/8
GG Gelink	Independent non-executive director	8/8
RM Loubser	Independent non-executive director	8/8
AT Nzimande (retired 2 December 2020)	Independent non-executive director	4/4
WR Jardine	Independent non-executive director	8/8
JP Burger	Non-executive director	8/8

overview of the remuneration policy

Scope

The remuneration committee's mandate and policy extend across all subsidiaries and businesses in the FirstRand group.

Remuneration regulation

The group applies the following remuneration governance frameworks: the requirements of section 64C of the Banks Act, the Financial Stability Board's Principles for Sound Compensation Practices and its Implementation Standards, Basel Committee on Banking Supervision (BCBS) Pillar 3 disclosure requirements standard (March 2017) and Directive 1/2018 issued by the Prudential Authority, and the recommended practices of King IV, where appropriate. The group's UK operations apply the UK Prudential Regulatory Authority requirements.

The remuneration disclosure requirements of King IV and Pillar 3 are disclosed in this remuneration report.

Remuneration philosophy

The FirstRand founders embedded the view that remuneration must align with shareholder value. This ethos has shaped the group's remuneration philosophy and performance management framework.

The group adopts the principles of an outcomes-based remuneration philosophy, which it believes to be appropriate given the diverse nature of the businesses that make up its portfolio.

THE GROUP'S REMUNERATION PHILOSOPHY IS FOUNDED ON THE FOLLOWING PRINCIPLES
Attracting and retaining talent – FirstRand aims to attract and retain the best talent in the market, through competitive reward packages, to execute on strategy and deliver on its promises to stakeholders.
Aligning with shareholders – Management should not do better than shareholders. The group's key performance measure, NIACC, ensures that employees only receive variable pay after all obligations are met, including "paying" shareholders for their equity first. The growth in management remuneration should not exceed the growth in accumulated net asset value and dividends over an economic cycle (currently six years).
Sustainable business – Management also has a responsibility to other stakeholders: regulators, customers, deposit holders, employees and wider society. In determining and assessing remuneration, Remco aims to ensure that the group delivers sustainable long-term growth for the benefit of all stakeholders.
Pay for performance – Variable pay is subject to financial and non-financial performance criteria aligned to the company's strategic objectives. Performance targets are set at levels that encourage high performance but avoid excessive risk-taking behaviour by executives. In addition, to reinforce a culture of enterprise and innovation, the targeted remuneration mix offered to key talent is deliberately weighted towards variable pay (short- and long-term incentives).
Fair and responsible remuneration – FirstRand promotes equal pay for work of equal value and does not tolerate discrimination based on race, gender or any other arbitrary characteristic.

Pay for performance

FirstRand's remuneration approach has three objectives:

1. To incentivise employees to meet agreed key performance indicators.
2. To be competitive.
3. To reward sustainable value creation.

These objectives are realised through both short-term and long-term incentives. Group remuneration is anchored in the multi-year budget process, which considers strategy, risk appetite and the allocation of the group's financial resources. The group measures shareholder value creation through NIACC, ROE targets are set at a margin above the cost of equity to deliver this. Targets are set at levels that encourage high performance but avoid excessive risk-taking behaviour by executives. This supports the group's commitment to responsibly advance an entrepreneurial spirit with an ethos of creating value in an accountable and sustainable manner.

Fair and responsible remuneration

FirstRand applies the principle of equal pay for work of equal value (internal equity) across all levels of the group's employees. The group aims to ensure there is an even distribution of income between employees that do similar work, irrespective of race and gender.

In a performance-based culture, supported by robust performance evaluation, it is inevitable that pay gaps will emerge. In fact, it is important that employees know that outperformance can and will be compensated. However, inequalities of pay can never be based on arbitrary grounds. The group has robust processes aimed at identifying and correcting any arbitrary inequalities in pay. These processes compare employees on objective criteria such as performance, skills and experience. The rigour of the group's process is validated through an internal annual review which identifies and assesses cases of potential income differentials.

Principles that underpin the group's commitment to fair and responsible remuneration include:

Fair

> Ensuring that equal pay for work of equal value is applied across all job roles.
> Ensuring that remuneration practices are impartial and not affected by self-interest and prejudice on arbitrary grounds including race and gender.
> Ensuring that employee remuneration is fairly differentiated for performance, skills or expertise; and where unjustifiable income differentials are identified they are corrected.

Responsible

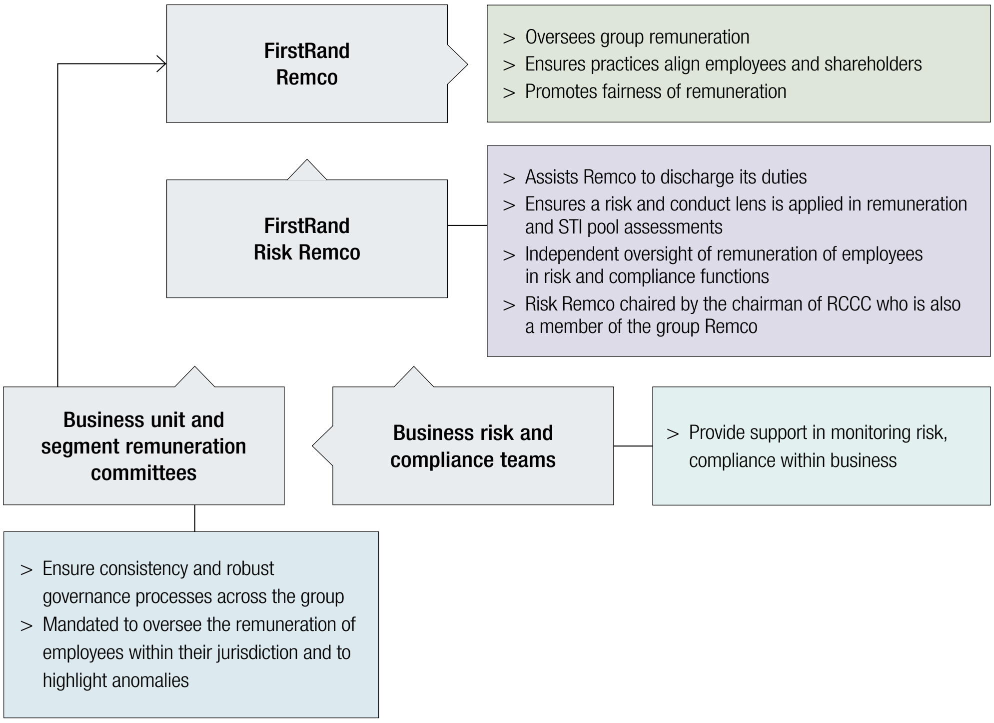
> Remuneration outcomes are aligned with group strategy and sustainable value creation.
> Incentives are based on corporate performance conditions and individual performance criteria.
> Incentive schemes do not promote excessive risk-taking.
> Risk Remco and the chief risk officer ensure remuneration and STI pool assessments include a risk perspective.
> Risk Remco ensures that compliance and risk teams are rewarded for not overlooking excessive risk or risky behaviour, even where it may lead to short-term gain.
> Variable remuneration is subject to malus and clawback.

Practices that underpin the group's commitment to fair and responsible remuneration include:

> Adhering to legislative requirements relevant to remuneration and benefits.
> Setting salary ranges per role (based on role evaluations and benchmarking) for recruitment and the annual reviewing of salaries. New employees are placed within the salary range based on their skills, qualifications and experience in the role.
> Reviewing the remuneration of all employees at least annually, which considers employees' performance in their roles and market benchmarks.
  – Performance is a justifiable reason for differentiating pay, and the group aims to pay top performers towards the higher end of the remuneration range for their role.
  – For employees in the bargaining unit, annual increases are administered in a structured manner, focused on employee performance, and in line with the salary settlement negotiated annually.
> Annually reviewing and adjusting for internal income differentials.
  – A statistical model is used to compare like-for-like objective criteria across the employee base, such as performance, skills and experience. The model flags any employee who is paid less than 80% of the median of this group. The flagged employees are reviewed individually and where unjustifiable income differentials are identified they are corrected.

Remuneration governance and risk

An important principle of the remuneration approach is that it should properly factor risk into remuneration outcomes. FirstRand has adopted the Financial Stability Board Principles and Standards for sound compensation practices, which were introduced to reduce incentivisation of excessive risk-taking that may arise from the structure of compensation schemes. A separate risk remuneration committee (Risk Remco) provides a risk perspective that feeds into the group Remco. It is chaired by the risk, capital management and compliance committee (RCCC) chairman and members include the group executive directors and corporate governance and risk heads. Risk Remco ensures that a risk and conduct lens is applied in assessing remuneration and that STI pools are adjusted downwards for risk and conduct events. Parallel risk remuneration committees operate alongside the business unit Remcos to ensure parity across business units and that remuneration outcomes reflect risk events. This process is further described under *Aligning remuneration to group risk appetite* below.



Aligning remuneration to group risk appetite

The FirstRand remuneration process includes a formal risk and compliance process to ensure that actions outside of risk appetite are not rewarded and that incentive pools are appropriately adjusted for risk and compliance events.

The risk and compliance process interacts with the remuneration process at two levels:

1. The chief risk officer (CRO) of each of the business segments, in conjunction with the group CRO, prepares a risk profile document that outlines an independent assessment of risks and the risk management processes. This document forms part of the overall submission to each segment remuneration committee, which then ensures that each business segment's remuneration pool suitably incorporates the risk and compliance features of the year, and that risk and compliance events and the profile forms part of the considerations for the reward pools.

2. To ensure that the executive directors and prescribed officers' remuneration scorecard accurately reflects the outcome of risk and compliance matters, the group CRO, with input by the segment CROs, head of enterprise risk management and head of compliance, makes recommendations on the scorecard results used by Remco in setting the remuneration of the executive directors and prescribed officers.

Remuneration of risk and compliance functions

To ensure that risk and compliance employees' remuneration are aligned to the outcome of the control functions they fulfil, Risk Remco reviews the risk and compliance employees' remuneration above an agreed threshold. This takes account of the overall risk profile of the segment they operate in, as well as the risk and compliance profile changes during the year, including material risk and compliance events. The remuneration of employees in the risk and compliance functions is based on the achievement of risk management objectives and conduct outcomes and is reviewed and benchmarked annually. The group CRO, together with the head of enterprise risk management and head of compliance, provides input into the compensation levels of risk and compliance managers and officers across the group, with Risk Remco providing independent oversight.

Malus and clawback

Further mechanisms ensure employees are aligned to the group's risk appetite including malus and clawback provisions for both LTIs and STIs. Malus (the ability to reduce or cancel an award that has not yet vested) and clawback (the ability to claw back the proceeds of awards already vested and settled) ensure that any serious risk events can lead to consequences for award participants. The deferral of short-term incentives and the use of forward-looking LTI performance and vesting periods effectively extend the malus and clawback periods. Malus or clawback therefore aligns the behaviour of employees to the delivery of sustainable risk-adjusted performance.

Benchmarking of remuneration

The group undertakes a comprehensive benchmarking process to ensure fair and competitive remuneration. All components of remuneration are benchmarked externally. The reward philosophy and strategy are based on sound principles aimed at attracting, retaining and motivating employees whilst ensuring compliance to institutional policies.

GUARANTEED PAY

While the market median is the target for guaranteed pay and skills that are high in demand, high-performing employees may be paid at or near the upper end of the market range.

The objective is to reward our employees equitably and fairly, based on both market data and internal comparators. By using market data obtained from reliable surveys, a pay range for each role in the market and position in this pay range is determined based on:

> Scarcity of skill
> Critical skill sets and roles
> Market placement

This approach ensures that guaranteed pay is competitive, allowing the business to attract and retain the best talent in the market. Benchmarking is conducted as part of the annual review cycle as well as on an *ad hoc* basis to ensure that the group remains competitive. If it is identified that an employee's remuneration is out of line with the market, a recommendation is made for adjustments either during the annual salary review or as an interim adjustment. All interim adjustments have strict approval mandates for governance purposes.

External market benchmarking

FirstRand consults with independent service providers, detailed below, to benchmark market data pertaining to guaranteed remuneration. *Ad hoc* surveys are also conducted when it appears a rapid shift in market practices has occurred. Local peer comparisons are also performed for executive directors and prescribed officers.

During annual salary reviews, the survey information is used to ensure appropriate pay levels. Remco uses this information to ensure that the executive directors' and prescribed officers' total remuneration is aligned with the market.

PwC benchmarking

Executive directors' and prescribed officers' total remuneration is benchmarked using JSE-listed banking peers.

Remchannel

Remchannel performs a comprehensive remuneration survey of guaranteed pay and short-term incentives in South Africa. It currently has 543 participating companies across all industries ranging from small to large corporates, including all the JSE Top 40-listed companies. It further provides comparator circles to ensure that benchmarking is done against industry peers at the correct level.

It also provides data for Namibia, Botswana and Eswatini.

Mercer

The Mercer Top Executive Remuneration Survey provides a thorough analysis of top executive pay amongst large corporations in South Africa. The survey includes all major financial services organisations.

Mercer applies multiple factors to sizing executive roles to arrive at what is known as an international position evaluation (IPE) level. Once these levels have been ascertained, companies benchmark against the comparator group at the same level. The factors used to determine IPE levels include:

> annual turnover;
> assets under management;
> headcount across all jurisdictions; and
> multinational vs national operation.

The Mercer survey covers all elements of guaranteed pay, payments in respect of short-term incentive schemes as well as the expected value of long-term incentives. It also provides a pay mix analysis across these three elements for executive remuneration.

AON McLagan Investment Banking Survey

In addition to Remchannel and Mercer, RMB subscribes to the AON McLagan Investment Banking Survey, which includes the major investment banking firms. The participants in the South African remuneration survey include the international banks in South Africa and the large local banks. Their library of roles is appropriately aligned with RMB's business, especially front office roles.

Emergence Growth (for rest of Africa subsidiaries)

Emergence Growth provides market data for remuneration of executives and general staff which is used for benchmarking in the majority of the subsidiaries in the rest of Africa. The company conducts surveys that cover all elements of remuneration including guaranteed pay, short-term incentive schemes and long-term incentives, with strong financial sector cover. Additional *ad hoc* data is provided based on specific needs. The surveys supported the design and implementation of remuneration based on benchmarks that have enhanced reward-related decision-making in the group subsidiaries.

Ad hoc surveys

In circumstances where it appears that pay for certain skills has fluctuated rapidly owing to factors such as scarcity of skills, a bespoke survey may be commissioned. Such surveys are conducted using a reputable and independent consultancy. The results of these *ad hoc* surveys serve to either validate existing data or provide intelligence for the business to make decisions.

Components of remuneration

To deliver on the remuneration philosophy and principles, FirstRand's remuneration structure emphasises variable components with short-term incentives based on individual performance, and long-term incentives based on group performance. These overlay a guaranteed package that is competitive in the market, reflecting the role, skills and experience of the individual employee. The greater the influence of the individual on overall risk and returns of the group, the higher the proportion of long-term incentives awarded. Incentives reward individuals for their performance and that of the business, but also act as retention mechanisms with deferred payments subject to continued performance and employment. The diagram below illustrates the different components of fixed and variable pay.

			Eligibility							
			AE	MM	SM	E	**Not deferred and paid in year**	**Deferred for six months – one year**	**Deferred for two years**	**Deferred/vesting after three years**
Guaranteed package	Increases are informed by individual performance	Cash package	✓				Cash package			
		Benefits > Retirement contribution > Medical aid and life/disability cover contribution	✓				Benefits			
Short-term incentives	Pool is based on financial and non-financial measures. Individual allocation linked to individual performance	**Cash award**	✓				**Cash award**			
		Deferred cash award	✓					**Deferred cash award ****		
		Deferred bonus award (equity-linked)		✓	✓	✓			**Deferred bonus award (equity-linked) ****	
	Allocation informed by individual performance	**Deferred incentive plan**		✓	✓					**Deferred incentive plan (equity-linked)**
Long-term incentives	Allocation is linked to individual performance and prospective delivery. The vesting of all awards is subject to three-year corporate performance targets.	**Rand-based conditional incentive plan:** Share-linked plan based on achieving group performance objectives.			✓	✓				**Rand-based – conditional incentive plan**
		GBP-based – UK LTIP: 50% share-linked award and 50% deferred cash award.	✓*							**GBP-based – UK LTIP**

AE: All employees MM: Middle management SM: Senior management E: Executives
**All UK-based employees. ** For deferral thresholds, refer to diagram on page 14.*

Each of these components is based on pools that are set using the methods described in the table below:

Guaranteed package (GP) and benefits	Increases are linked to current inflation statistics plus change allowed for headcount growth, promotions and benchmarking.
Short-term incentives	The STI pool is based on: > Unionised staff: based on a percentage of GP and annually reset with reference to the group's earnings performance. > Managerial pool: determined against financial and non-financial performance, with financial linked to earnings growth and NIACC. The outcome is adjusted for risk.
Deferred incentive plan	The pool will grow in line with guaranteed package, which is linked to inflation and adjusted for strategic headcount growth.
Long-term incentives	The pool growth is linked to inflation and adjusted for strategic headcount growth.

Guaranteed package and benefits

Cash package (based on cost-to-company)

The group has a cost-to-company (CTC) approach designed to attract and retain talent in line with the scope, nature and skills requirement of the role. CTC is generally market-related and reflects the responsibilities of the role, expertise and skills of the individual employee.

Benefits are compulsory but employees can choose from various options.

Retirement contribution

All employees are contractually obliged to contribute to appropriate retirement savings vehicles. The group has a dedicated forum that works with these entities to improve retirement outcomes by maximising investment returns and minimising costs.

Medical aid and life/disability cover contribution

All employees are contractually obliged to belong to a medical aid and to have life and disability cover.

Short-term incentives

STIs are designed to reward performance achieved within the desired risk parameters over the period. There are various elements to STIs, depending on the seniority and remuneration levels of the employees. STIs are allocated from a pool based on overall group performance to employees and disbursed taking individual performance into consideration. In this way both individual and group performance is incentivised. Amounts exceeding an agreed-upon threshold are deferred into cash and awards linked to share price performance to further align interests with shareholders. In 2021, Remco introduced the deferred incentive plan to reward highly skilled senior employees who no longer participate in the long-term incentive plan. Remco also introduced a new executive scorecard in 2021 with four high-level categories, each of which includes several weighted metrics, and introduced STI caps for executive directors and prescribed officers.

POOL DETERMINATION

Remuneration is anchored to a multi-year budget process, which considers strategy, risk appetite and financial resource allocation. Specific qualitative and quantitative targets are core to the remuneration assessment. Quantitative targets include earnings growth and ROE targets, which are set to deliver positive NIACC. From 2021, normalised earnings include the impact of impairments of intangible assets and the STI pool will therefore reduce accordingly.

Remco will adjust STI pools downwards for material risk and conduct-related events. To do so, Remco assesses the following: control environment, internal and external audit results, compliance with risk policies and processes, and platform maturity. Conduct is also assessed in respect of employees, clients and the business and financial markets, as well as regulatory compliance.

Remco considers formal submissions from the main businesses through the Risk Remco as described under *Remuneration governance* above.

Operating business STI pool determined bottom-up

STI pools for the group's various operating businesses are calculated bottom-up against the performance framework, subjected to oversight by the office of the financial director and thereafter presented to operating businesses Remcos and group Remco for challenge and approval. The calculation of STI pools is determined using both financial and non-financial performance measures.

Qualifying criteria

For an operating business to qualify for an STI pool, the business has to produce earnings and meet bespoke/individualised ROE hurdle rates which are either equal to or greater than group ROE hurdles. These hurdle rates are set considering the underlying activities and complexity of earnings generated. In the event ROE hurdles are not met for any given year, the overall ROE profile over six years is considered ensuring NIACC is cumulatively positive. In this event, the pool will grow lower than earnings growth.

For support areas, a bottom-up approach is applied based on individual and overall group performance as well as industry benchmarks.

For new business initiatives which do not yet meet group hurdle rates, the bottom-up approach includes measurement of progress of business strategy and execution against targets.

Differentiated STI range

Remco applies a rate to qualifying pre-incentive pre-tax profits to determine the STI pool per operating business.

Range – Firstly, Remco determines an STI pool range as a percentage of pre-incentive profits allocated to the various operating businesses. These ranges are based on the nature and complexity of the relevant business's underlying activities and revenue streams and consider industry reward practices. More complex, diversified businesses are rewarded with a higher rate than monoline businesses.

Annual rate – Remco applies certain qualitative factors such as quality of earnings, risk management performance, operational losses, employee satisfaction, etc. for the year under review to determine the appropriate rate within this range. It then applies this rate to qualifying pre-incentive pre-tax profits to determine the bottom-up STI pool.

Remco also considers non-financial measures (as noted above) in the determination of STI pools. Remco applies judgement and may make adjustments from a business's calculated STI pool for performance against these non-financial measures. These include:

- diversification and quality of earnings;
- sustainability;
- progress against strategic objectives;
- progress on transformation; and
- organisational culture/behaviour.

Risk adjustment – Appropriate risk-taking is factored into STI awards with pools adjusted downwards for sanctions and penalties due to risk or regulatory events, or an undesirable risk profile in an area, as described under *Remuneration governance*, above.

Final pool allocation

The bottom-up pool determination is constrained by the overall group STI pool calculation and adjusted accordingly. In determining the group STI, pool shareholders must do better than management.

1 FIRSTRAND POOL DETERMINATION

Financial measures

- Top down: group performance (including earnings and NIACC over the business cycle), industry benchmarking
- Bottom up: business unit growth rate in profit before tax, NIACC, volatility over six-year business cycle
- New business initiatives achieved

–

Downward adjustments

- Risk assessment with penalties for risk and compliance events

±

Non-financial measures

- Progress against strategic objectives
- Sustainability, transformation and organisational culture

=

An STI % rate that is applied to pre-tax profit to determine the FirstRand pool

2 BUSINESS UNIT POOL ALLOCATION

Qualification requirements:

- ROE hurdle rates through the cycle met. NIACC evaluated

STI pool

/

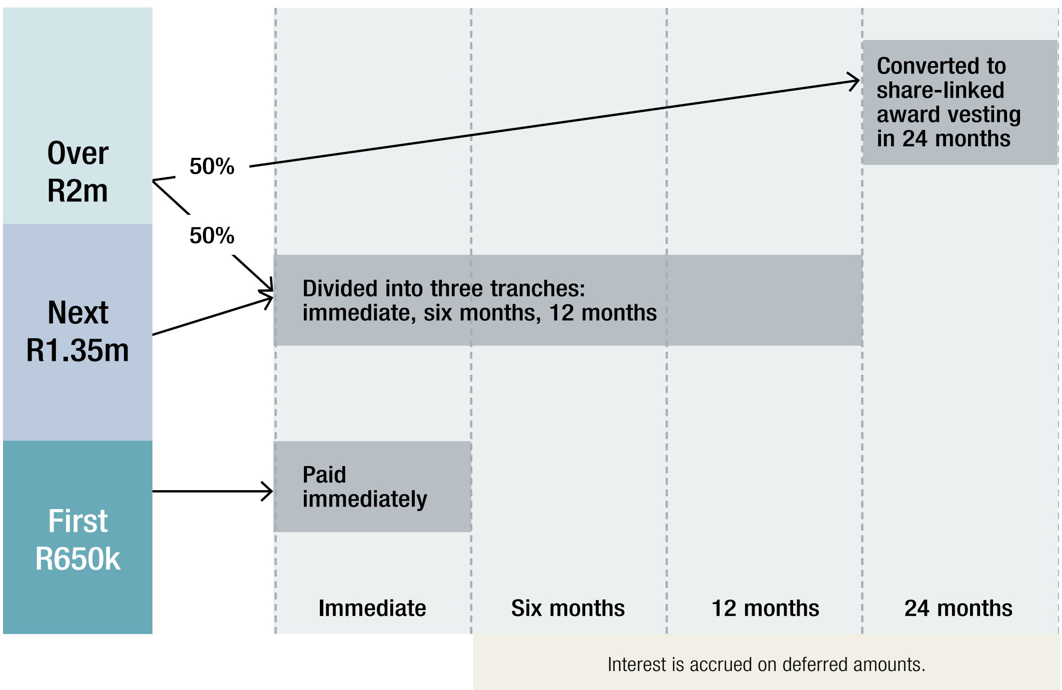
Proportional allocation to business units informed by:

- Nature and complexity of the business
- Activities and revenue streams
- Industry reward practices

BONUS DEFERRAL

In terms of good remuneration practice and to drive retention of senior employees, STIs above certain thresholds are deferred. Deferrals consist of both cash deferrals and share-linked deferrals where eventual payments are linked to the share price.

- R0 – R650 000: paid in full in August.
- R650 000 – R2 million: is paid in three tranches, in August, December and the following June. The second and third tranches include interest.
- Above R2 million: half is paid in three tranches, in August, December and the following June. Half is deferred in a deferred bonus award, linked to the FirstRand share price, which vests after two years (for certain senior managers the deferral is 30%).



DEFERRED INCENTIVE PLAN

As explained in the introduction, the DIP was introduced as a deferred short-term incentive to drive performance and retention. Key professionals who are high performers with scarce skills but not eligible for LTIs are eligible for a deferred incentive award through the DIP. Executives are not eligible for the DIP. These awards are allocated based on the individual's performance rating for the last 12 months as part of the annual salary review cycle. Specific allocation guidelines are provided to businesses to inform awards for a given level of performance linked to a percentage of guaranteed pay. The award is forfeited if the individual performance requirements are not met over the three-year vesting period.

The award is linked to FirstRand's share price, and vests after three years, when employees can settle in cash or equity. The change in the share price for these awards is hedged, ensuring there is no additional cost to the shareholder for share price changes.

The pool for these awards is developed bottom-up and moderated by considering inflation and strategic headcount growth. For eligible employees, the DIP replaces the previous LTI awards for which they are no longer eligible. The value of the DIP pool was reduced by 15% relative to the previous LTI pool level, which reflects the higher probability that the DIP will vest.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' STI

STI caps for executive directors and prescribed officers

With effect from 2021, Remco introduced STI caps for executive directors and prescribed officers. Caps are set relative to the guaranteed packages of the executive directors and prescribed officers. Remco followed a rigorous process and believes the STI maximums introduced are appropriate. The maximum will only be reached under very exceptional circumstances with considerable outperformance on the scorecard metrices, which would result in significant shareholder value creation.

	STI CAPS
CEO	300% of guaranteed package
CFO, COO and PO: Retail and Commercial	250% of guaranteed package
PO: Corporate and Institutional	350% of guaranteed package
PO: Aldermore	125% of salary

For the South Africa-based executive directors and prescribed officers their guaranteed package is their cost-to-company. In the case of the Aldermore prescribed officer, the STI cap is applied on base salary excluding market-adjusted allowance and retirement contributions or other allowances. The lower STI cap for Aldermore flows from the European market dynamics where guaranteed packages had increased, given the various remuneration-related regulations.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' SCORECARDS

After the group STI pool has been determined, Remco considers STIs for executive directors and prescribed officers using a scorecard. Remco introduced further refinements to the executive scorecards for 2021. The 2020 scorecard followed a two-pillar approach, with a financial score (covering financial, strategic, and risk and control considerations) and a non-financial score (covering ESG). One of the key requirements that emerged from shareholder feedback was to fully incorporate ESG measures into the main scorecard (i.e. not a separate ESG scorecard).

As a result a new executive scorecard was introduced in 2021 and will be applied going forward, with four high-level sections that each contains several categories of metrics that are assessed to determine executive directors' and prescribed officers' STIs. The sections and weightings are shown below. Weightings for the various sections are aligned to the relevant executive's portfolio of responsibility, and differ between each executive scorecard.

SECTION	WEIGHT	CATEGORY
Financial	30%	Group financial performance (executive directors and prescribed officers) and business performance (prescribed officers)
Strategic	25% – 30%	Protect and grow banking business
		Broaden financial services offering
		Leverage rest of Africa portfolio
		Grow a more valuable UK business
		Build a platform-based financial services business
		Disciplined management of financial resources
Risk and control	20% – 25%	Control environment
		Market and business conduct
		Risk appetite and volatility
		Credit loss/impairments
		Operational, market and investment risks
ESG	20%	Ensuring the health of organisational culture and good corporate governance
		Health of key relationships
		Shared value
		Climate
		Transformation
		Talent management and succession planning
Performance rating	100%	

Long-term incentives

Long-term incentives are granted each year to executives and senior managers with conditions tied to the performance of the group. Those who are in decision-making positions that affect the overall performance of the group and delivery of value to shareholders are eligible. These awards are designed both as incentives to drive behaviour aligned to shareholders and to retain participants through the long-term vesting nature.

For employees of FirstRand, the LTI award is tied to the FirstRand share price and has a three-year vesting period until it is fully vested, subject to performance conditions being met. It is then settled with shares purchased on the open market or with cash of equivalent value. Together with the LTI awarded in 2021, LTIs from 2019 and 2020 are still in-flight. For employees of Aldermore and MotoNovo in the UK, half of the award is a deferred cash award and the balance is tied to the FirstRand share price.

OBJECTIVES OF THE LTI AWARD

> Remco aims to use long-term incentives to align employees to the shareholder objectives of sustainability, quality earnings growth, superior returns and the creation of long-term franchise value. This is based on a graded vesting structure, where vesting levels are directly linked to performance outcomes, to give effect to the principle of paying for performance.
> The final value delivered is based on the group's share price, resulting in further alignment between employees and shareholders.
> Due to the long-term vesting of the instruments, they also support the retention of critical executives and senior managers.

GOVERNANCE OF THE LTI AWARDS AND STRUCTURE

> Remco annually approves:
  – the principles governing the LTI awards;
  – the total LTI award pool for the group;
  – the LTI awards made to executive directors and prescribed officers;
  – changes to eligibility policies for the awarding of LTIs to participants; and
  – the performance conditions for new awards, after assessment of the business priorities, forecasts and the prevailing and expected macroeconomic environment.

THE OPERATION OF THE LTI

The table below sets out the key features of the in-flight awards and current design features of LTIs.

KEY ELEMENT	POLICY AND ELIGIBILITY
Geographical differences	The LTI plans differ for South African and UK employees. > South African and rest of Africa employees: The FirstRand conditional incentive plan (CIP) is denominated in South African rands and linked to the FirstRand share price. > UK employees: The UK LTI is denominated in British pounds. For Aldermore and MotoNovo employees 50% is linked to the FirstRand share price and the balance is deferred in cash.
Award allocation	The allocation of this pool to the operating businesses is determined by considering: > the franchise value created; and > the sustainability of the operating businesses' contribution to shareholder value. The allocation to individuals is driven by eligibility criteria and the guaranteed package of the individual. Awards are made annually but no one is guaranteed an annual allocation. Allocation depends on the total pool available, the role of the individual and each individual's performance.
Vesting value	All LTI awards are subject to forward-looking performance conditions linked to group outcomes and are either settled in FirstRand shares, or in cash based on the underlying value of a FirstRand share. Therefore, the participants remain exposed to fluctuations in the group's share price over the vesting period.
Shareholder protection	FirstRand protects shareholders from dilution as it does not issue shares to settle awards. As such, the group does not require a dilution limit to protect shareholders from excessive dilution. When shares are required to settle a participant on vesting, these shares are acquired in the market at the prevailing price. FirstRand also protects shareholders against future volatility in the share price and the potential for higher cost arising from a higher share price at vesting by hedging the outstanding awards. The hedge costs are taken through earnings and all performance criteria are measured including these costs.
LTI award vesting period	The performance conditions for all awards are measured over three years. The awards vest three years from the award date to the extent that the conditions have been met.
Performance conditions	The section below provides detail regarding the performance conditions selected. From 2021, 100% of LTI awards are subject to performance conditions. For the 2019 and 2020 awards, executives and senior managers' awards were fully subject to performance conditions and other participants, have 50% of the award linked to performance conditions and 50% to continued employment. These individuals are no longer eligible for LTI awards and participate in the DIP. For Aldermore group and MotoNovo employees, the performance conditions are linked 20% to FirstRand group in the same way as the FirstRand LTI instrument and 80% to Aldermore performance conditions using a balanced scorecard of growth in earnings, ROE and conduct risk for Aldermore group. These are set for each annual award.
LTI vesting level cap	Graded vesting applied to LTIs since 2019 include stretch targets that allow participants to receive more than 100% of the LTI award based on stretched targets. These are capped at 150% of the award value. This level of vesting will correlate with exceptional value for shareholders based on the performance conditions set for these levels of vesting.
In-flight awards	Current in-flight awards were made in September 2019 and 2020. Awards for 2021 will be made in September 2021. The 2018 award, with a vesting date in September 2021, lapsed as its performance conditions were not met. (Refer to the Implementation report).
Changes to conditions of in-flight awards	Remco does not: > amend in-flight awards' conditions once issued; > re-price share incentive awards for changes in the share price; or > re-test performance conditions or delay measurement of performance conditions.
Downward adjustments	From 2019, in circumstances where the performance conditions have been met, Remco can apply downward adjustment on the vesting outcome based on specified criteria. For the 2021 award, compliance with the group's climate roadmap has been included as a potential downward adjustment item.

KEY ELEMENT	POLICY AND ELIGIBILITY
Dividends	Dividends are not accrued on LTI awards over the vesting period.
Settlement at vesting	At vesting, the employee will receive the vesting value, based on the share price change over the vesting period. The default option for settlement will be cash, however if the participant elects settlement in shares, the shares will be purchased in the open market.
Change in employment before award vests	Refer to *Treatment of unvested LTIs on termination* and malus provisions below.
Provisions for clawback (post vesting) of awards	Refer to clawback provisions below.
Change of control	In the event of a change of control there will not be automatic early or accelerated vesting of awards. Directors may adjust, replace or convert awards, or take any such action they deem appropriate in the event of a change of control, to protect the interests of participants and ensure that they are placed in a substantially similar financial position. The intention is to not prejudice the employee or the acquirer.

Vesting ranges

The group implemented graded vesting to its LTI awards issued from 2019. In the graded vesting structure, minimum performance conditions are set to achieve any vesting (threshold vesting), on-target (100% vesting level) and a range of stretch targets. If the performance conditions for threshold vesting have not been met, the vesting outcome will be zero and the award will lapse. As described in the section below, ROE and earnings growth conditions are set for each vesting level. For 2019 and 2020, threshold vesting was 70% and decreased to 50% in 2021. The maximum level of vesting that applies for all the awards issued since 2019 was capped at 150%. Stretch outcomes above 100% vesting will correlate with exceptional value created for shareholders.

Measures selected as LTI performance conditions

In line with its commitments to shareholders, the group continues to use ROE and earnings growth as its key performance conditions. An important feature of the group's approach is that both ROE and earnings growth hurdles must be achieved in order for the awards to vest. This makes the vesting more onerous compared to typical market practice where performance measures are individually measured. In FirstRand's case, a single combined hurdle consisting of ROE and earnings growth is used, meaning if the one measure is not achieved no vesting will take place. FirstRand selected these measures for its LTI because the group believes they are key drivers of shareholder value creation.

Remco sets the ROE targets with reference to cost of equity. This means that the awards drive delivery of NIACC, reflecting economic value added for shareholders. In addition, strong earnings growth delivery will support capital levels, NAV growth and dividend growth. As such, these measures drive shareholder returns. The group further believes that the trade-off between ROE and earnings growth is key to long-term shareholder value and this has been strongly embedded in the risk-return and FRM frameworks. After Remco has evaluated delivery relative to the performance conditions and determined the vesting outcome, it considers non-financial measures and can adjust the vesting outcome downward in certain circumstances. Remco refined this adjustment in 2020 and 2021 by implementing an adjustment mechanism that allows it to adjust the vesting outcome downwards by a maximum of 20% for the non-financial measures. This could be exercised if material negative outcomes for the business occur that were within management control. These could include:

> issues that materially damaged the group's franchise, including its reputation;

> material enterprise-wide risk and control issues, as recommended to it by the risk, capital management and compliance committee;

> concerns regarding the adherence to the liquidity and capital management strategies in place; and

> lack of compliance over the three-year period with the group's climate roadmap (included from 2021).

Remco does not assign weightings to each separate performance condition, as this would create separate instruments which could drive behaviour where the one condition is favoured at the cost of the other. The group's integrated vesting structure requires both the return and earnings growth conditions to be jointly met, resulting in superior shareholder value creation. It also supports the group's principles of managing the trade-off between these measures. In practice, both earnings growth and ROE outcomes can constrain the vesting levels which increases the difficulty of reaching vesting. To determine the vesting outcome, earnings growth is used to ascertain the vesting level using the linear vesting between each of the vesting ranges. This outcome is then constrained by the ROE requirement that is set as a minimum for any of the vesting ranges.

Remco typically considers the following factors in setting performance conditions for LTI awards and followed this approach in setting conditions for the 2021 award, with the outcome disclosed in the Implementation report.

> The group's ROE projections and the stated long-term through-the-cycle ROE range of 18% to 22%.
> The group's long-term earnings growth target of South African real GDP plus CPI plus 0% to 3%, which is set after reviewing:
  – the size of its South African earnings base and balance sheet and the challenge of growing these materially above system growth given its relative market share;
  – required investment in platforms, and new business development for future growth strategies, given the group's preference to expense and not capitalise where possible;
  – the outcomes of the budget process as well as scenario analyses on the budgets with incorporation of risk and stressed views;
  – the macroeconomic outlook together with the probabilities assigned to the different scenarios; and
  – the requirement to protect the return profile and not incentivise earnings growth at the expense of returns.

ROE is based on actual net asset value and not reduced for goodwill.

As noted above, non-financial measures are incorporated through the potential downward adjustment.

Covid-19 award

Given the extenuating circumstances created by the Covid-19 pandemic, this was a one-off award in 2020.

Executive contracts and policies

There are no contractual entitlements to payments on termination and no special termination arrangements or golden-parachute agreements in place. Contractual notice and accrued leave are paid out where legally required. Unvested deferred STI awards or unvested LTI awards are dealt with in accordance with the rules of the applicable scheme. Malus and clawback provisions apply to STI and LTI as detailed below.

NOTICE PERIODS FOR EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

All executive directors and prescribed officers in South Africa have a notice period of one month. In the UK, Steven Cooper has a notice period of six months. Executives have no guaranteed termination payments.

BUYOUT AWARDS

The group uses buyout awards when recruiting employees to compensate them for incentive awards they will lose on leaving their previous roles. For example, these are done:

> when the business is heavily reliant on high-demand scarce skills;
> to replace prospective employees' current benefits; and
> to remain attractive and competitive in the market.

Buyout awards can be made in cash, deferred awards or LTIs, and will mirror the value, nature and time period attached to the incentive that is being bought out. LTI awards are subject to the respective performance conditions. Furthermore, the buyout remains subject to malus and clawback in line with policy.

TERMINATION CATEGORIES

The following conditions apply to outstanding STI and LTI awards upon termination of employment:

	STI	LTI
Resignation and fault terminations		
Resignation or dismissal	Employees who resign or are dismissed before the vesting or payment date of cash or share-linked awards will forfeit these awards.	Employees who resign or are dismissed before the vesting date of the outstanding LTIs will forfeit these awards.
No fault terminations		
Retirement	The cash and share-linked awards of employees who retire in terms of the group's retirement policy continue for the duration of the vesting period and remain subject to the applicable rules.	The LTI awards of employees who retire in terms of the group's retirement policy continue for the duration of the performance period and remain subject to the applicable rules and performance conditions.
Death, retrenchment, injury, disability or ill-health	The cash and share-linked STI awards of employees are retained and settled within 30 days in terms of the applicable rules.	The awards are pro-rated for the remaining vesting period and adjusted for the performance conditions which are tested against the roll-forward conditions to date and settled within 30 days in terms of the applicable rules.

MALUS AND CLAWBACK

Malus and clawback are applied to all variable pay and can be invoked upon the occurrence of trigger events and applied as follows:

> Malus is applicable to awards that have not yet vested or settled, allowing for them to be cancelled on the occurrence of a trigger event.
> Clawback applies once an award has vested upon the occurrence of a trigger event. Remco has the discretion to claw back any variable remuneration in the event of the trigger events detailed below. The clawback applies for three years after payment.

A trigger event may include, *inter alia:*

> the discovery of a material misstatement of performance that resulted in a variable reward made, which the board is satisfied that the employee has contributed to and is responsible for;
> the discovery that the assessment upon which the award was made was based on erroneous, inaccurate or misleading information;
> any action or conduct which, in the reasonable opinion of the board, amounts to dishonesty, fraud or misconduct;
> the discovery of a material failure in risk management to which the employee had contributed and is responsible for; and/or
> the discovery that performance related to financial or non-financial targets was misrepresented and that such misstatement led to the over-payment of incentives.

MINIMUM SHAREHOLDING REQUIREMENT

With effect from 1 September 2017, executive directors and prescribed officers were required to hold FirstRand shares to the value of at least 50% of their last three years' annual post-tax LTI vesting. The first compulsory assessment was September 2022.

Given the failure of the 2017 and 2018 LTI vestings, this policy was revised in 2021. The revised shareholding requirements are set relative to guaranteed pay and are outlined in the table below. The effective date remained September 2022 or the next LTI vesting date five years after joining FirstRand or appointment to the role. The Aldermore CEO has an effective date seven years from joining to comply with the minimum shareholding requirement (MSR) given the newly introduced deferral requirements under the Capital Requirements Directive V (CRDV).

MINIMUM SHAREHOLDING REQUIREMENTS FROM THE EFFECTIVE DATE	CEO	SA PRESCRIBED OFFICERS AND EXECUTIVE DIRECTORS	ALDERMORE PO*
	300% of GP	200% of GP	100% of salary*

* *Aldermore requirement is lower given the relatively higher level of guaranteed pay in the UK relative to South Africa.*

Compliance with the policy is monitored annually through the required shareholding disclosure in the *Annual integrated report* for the executive directors and prescribed officers and quarterly disclosure to the board.

NON-EXECUTIVE DIRECTOR FEE PRINCIPLES

> The group chairman's fee covers the chairmanship and/or membership of and attendance at the board and all board subcommittees.
> Non-executive directors are paid an annual fee (quarterly in arrears) for their board membership.
> Members of board committees are paid an annual fee (quarterly in arrears) for attendance at committee meetings scheduled during the cycle. Members are not paid for meeting that they do not attend during the governance cycles.
> Chairs of committees are paid a premium, being twice the standard membership fee.
> Training sessions, *ad hoc* (unscheduled) board committee meetings, and strategic sessions for the board are remunerated at an hourly rate, approved by shareholders as an *ad hoc* fee, based on the meeting length and preparation time.

Setting the fees for non-executive directors considers:

> Internal benchmark exercises against the fees paid by peer banks.
> External benchmark data provided by PwC.
> General increases applied to employees (executives and senior management) within the organisation.
> Any other relevant factors (e.g. considerations during the pandemic).

NON-BINDING ADVISORY VOTE

The 2021 remuneration policy and implementation report will be tabled for a separate non-binding advisory vote by shareholders at the AGM. Remco commits to engage with shareholders in the event that either the remuneration policy or the implementation report, or both, are approved by less than 75% of the votes exercised. If this is the case, Remco will invite dissenting shareholders to engage.

implementation report

Changes made during the period

Changes were made to several aspects of group remuneration practices, as detailed in the chairman's letter. These changes were made in response to shareholder feedback and issues identified by Remco. All of these changes were implemented during the 2021 financial year.

Adherence to the remuneration policy

Remco is satisfied that the remuneration policy was appropriately implemented during the year, with no material deviations.

Remco implemented the remuneration policy as set out below.

Employment contracts

During the period, no termination payments were made to executive directors and prescribed officers.

Malus and clawback

There were no malus or clawbacks during the period.

Buyout awards

Steven Cooper received a cash buyout award of £997,000 on joining the group. It reflects the short-term bonus he forfeited on resignation from his previous employer. The bonus Steven forfeited was in cash and was not subject to deferral. This buyout mirrors the value and form of the award and is in line with the group's policy. If Steven's employment is terminated for any reason in the first two years, clawback provisions apply and the amount will be repayable by him (net of any deductions for tax and insurance) as follows:

> 100% of the cash award is repayable if employment is terminated in the first 12 months of joining Aldermore.

> 50% is repayable if employment is terminated after 12 but before 24 months of joining Aldermore.

> This clawback period is akin to a typical deferral period up to 24 months.

Furthermore, this award is subject to FirstRand's malus and clawback policy, if he is guilty of misconduct, any regulatory breach and/or any material risk failings, Remco has the right to require him to repay part or all of this award.

No other buyout awards were made to executive directors or prescribed officers during the period.

Fair and responsible remuneration

As described in the policy overview, the group undertakes an annual benchmarking exercise to ensure equal pay for equal work. The group also complied with a collective agreement with unionised employees and the staff assistance trust provided extensive support to eligible staff.

BENCHMARKING

The 2021 review identified and addressed unjustifiable income differential cases representing 0.6% (2020: 0.8%) of the total workforce. These were adjusted as part of the annual salary review and the cost of aligning the affected individuals' guaranteed packages was small (in comparison to the group total salary cost) at R7.6 million (2020: R5 million).

UNIONISED EMPLOYEES

FirstRand is party to a collective bargaining agreement that covers most employees. The agreement is that employees are paid at least a minimum salary in line with their respective levels of employment and salary bands, and are awarded performance bonus payments in line with their performance outcomes. Any employee with acceptable performance levels earning a salary below the minimum for their role or band is automatically raised to the minimum. The group ensures that people are paid fairly for their work and that no employee is paid less than a living wage.

Outcomes-based compensation programmes have been implemented for areas in the group requiring large volumes of clerical or procedural work. Employee development plans help employees who show potential to add more value to the group.

In South Africa, the group has in place 18 outcomes-based remuneration schemes affecting around 3 930 employees. These schemes give lower-earning employees the opportunity to earn variable pay for performance and have significantly assisted the group in narrowing internal pay gaps, while further entrenching a culture of pay for performance.

Guaranteed pay

Remco approved the following increases in GP for SA employees, applicable from August 2021:

> Executives (including executive directors and prescribed officers): a 2% increase in GP (except for specified adjustments based on benchmarking).

> Senior managers: increases of 3% on average with differentiation based on performance and benchmarking.

> Middle managers and professionals: inflation adjustments of 3.5% with differentiation based on performance and benchmarking.

> Unionised employees based in South Africa received increases of 5% overall. Employees within the bargaining unit would have qualified for at least 2.6% up to at least 5.5% increases for employees with the highest performance ratings.

For employees in the rest of Africa subsidiaries, increases of in-country inflation have been approved.

For employees in Aldermore and MotoNovo, an average increase of 3.2% was approved.

Short-term incentives

Following a good performance by the group there was a material increase in the STI pool over the comparable period.

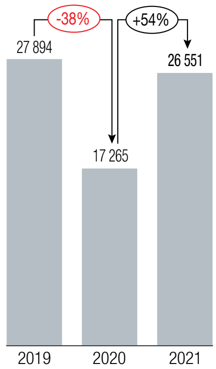
In particular:

> Normalised earnings increased by 54%.

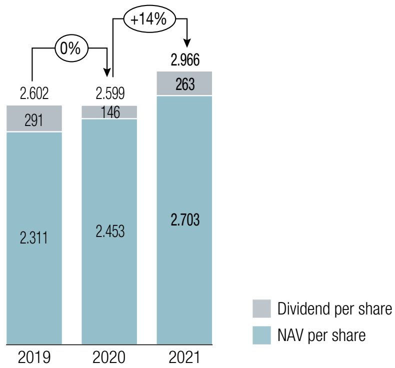
> NIACC increased from negative R1 443 million in the prior year to R4 857 million in the current year.

> ROE improved from 12.9% to 18.4%.

Normalised earnings



NAV plus dividend per share



The group considers NIACC performance over a six-year business cycle and given that the overall value creation to shareholders over that entire period is positive, the STI pool was awarded in both 2020 and 2021.

Ultimately the demonstration that shareholders have done better than management for the previous year and current year lies in the following:

> For the year to June 2020 the STI pool reduced (43%), more than the decline in earnings (38%).

> For the year to June 2021 the STI grew (45%), less than the increase in earnings (54%), as both earnings and ROE have not fully recovered. This is further reflected in the fact that the 2021 STI pool is still lower than the 2019 level.

VARIABLE PAY EXPENDITURE

	2021	2020	% change
Short-term incentive	**4 768**	3 596	33%
Long-term incentive	**971**	891	9%
Variable staff expenditure	**5 739**	**4 487**	**28%**

The above table details the total cost to the business for both STI and LTI for the years ended June 2020 and 2021. The STI expense growth of 33% is below the overall pool growth of 45% given the various accounting treatments (particularly that deferred STI cost is accrued over a deferral period) and timing lag impacts. The LTI costs are impacted by a number of factors. The 2018 LTI awards did not vest, however, the current year release was lower due to the Covid-19 LTI award retention scheme. In addition, with the 2017 LTI awards not vesting, the current year related cost was nil for the first quarter.

DEFERRED INCENTIVE PLAN

The pool for these awards is developed bottom-up and should over time show a low level of variability in line with changes in salaries and headcount. For eligible employees, the DIP replaced LTI awards for which they are no longer eligible. The value of the DIP pool was reduced by 15% relative to the previous LTI pool level, which reflects the higher probability that the DIP will vest.

Long-term incentives

The group changed the eligibility of participants for LTI awards. From 2021, only executives and senior managers will receive LTIs. The group also changed the threshold vesting level for the new awards from 70% to 50%. The group did not change any of the performance conditions for the 2018 award which failed. The conditions for the 2021 awards were set in line with historical (pre-Covid-19) criteria of both ROE and earnings growth.

LTI AWARD POOL

The total LTI award pool for the group considers overall headcount growth and inflation increases. The allocation of this pool to the operating businesses is determined by considering the franchise value created and the sustainability of the operating businesses' contribution to shareholder value.

There are currently three open LTI awards: the 2019, 2020 and 2021 awards, to be issued in September 2021.

VESTING OF THE 2018 LTI AWARDS

The 2018 LTI did not include graded vesting and 100% of the awards were subject to performance conditions. The 2018 awards did not vest as the performance conditions were not achieved, which Remco viewed as an appropriate outcome. This was the last award for which Remco could apply judgement. Its judgement applied was on 100% forfeiture.

The following table sets out the performance conditions for the 2018 awards, measured over the period 1 July 2018 to 30 June 2021.

AWARD YEAR	VESTING YEAR	NORMALISED EARNINGS PER SHARE IN YEAR OF ISSUE	PERFORMANCE CONDITIONS	
			RETURN	EARNINGS GROWTH
2018	2021	470.8 cents	ROE ≥18% (average over the 3-year performance period	Normalised earnings per share growth to exceed the higher of the three years' cumulative growth of annual real GDP plus CPI or CPI (in the event of negative real growth).

The 2018 award required the group to deliver average ROE of at least 18% as well as normalised earnings per share growth of more than the three years' cumulative growth in annual real GDP plus CPI. Where real GDP was negative over the period, CPI is applied. Average ROE delivered was at 18%, therefore this condition was met. For vesting, normalised earnings at 30 June 2021 of 529.2 cents per share was also required, with 473.3 cents delivered. Since both ROE and earnings are required the award did not vest and lapsed. Remco elected not to adjust the vesting outcome. The onerous position of the vesting condition having both ROE and earnings is clearly demonstrated with the 2018 awards failing. Had the criteria been separate, a portion relating to ROE could have vested (for example, 50% like some industry precedents).

IN-FLIGHT LTI AWARDS

2019 LTI awards

The table below sets out the performance conditions and relevant vesting levels for the 2019 award, measured over the period 1 July 2019 to 30 June 2022. Where the performance conditions set for the threshold level have not been met, the award will lapse with zero vesting.

The earnings growth requirement is a three-year compound annual growth rate (CAGR) of normalised earnings per share. As both conditions have to be met, either could constrain the vesting level described. Given the group's performance in 2020 and 2021, the vesting of the 2019 LTIs are at risk, especially the ROE criteria.

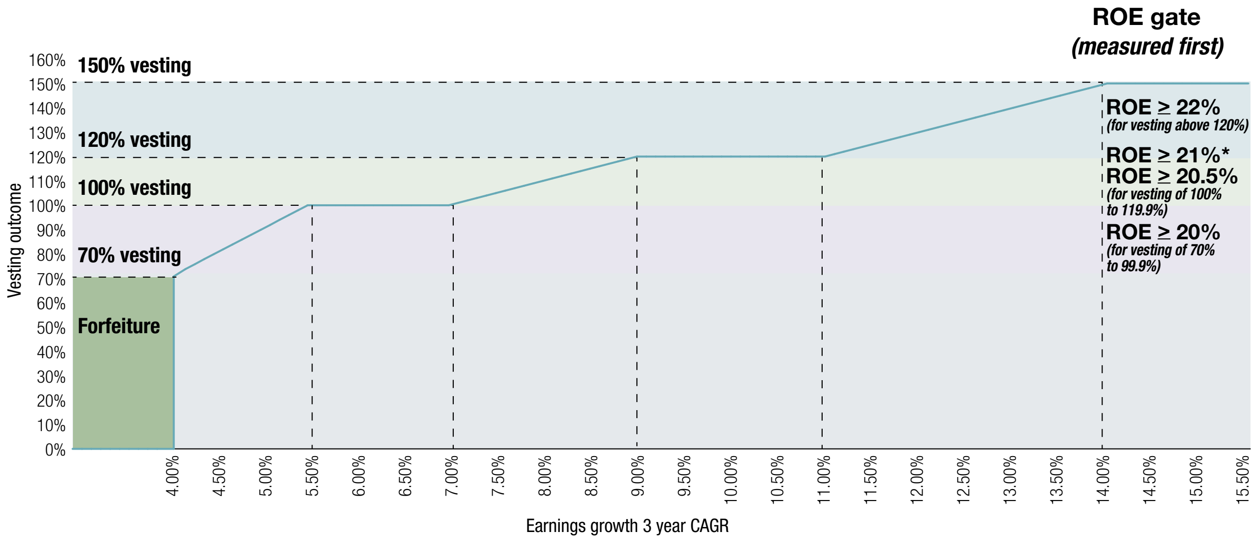
	VESTING LEVEL (REQUIRING BOTH CONDITIONS TO BE MET)	PERFORMANCE CONDITIONS (BOTH MUST BE MET)		
		ROE TARGET*	EARNINGS GROWTH REQUIREMENT (3 YEAR CAGR)	COMMENTS
Threshold	70%	≥20%	Real GDP + CPI** *Current CAGR requirement is >4%*[#]	Below this level, the vesting outcome will be zero
	70.1% – 99.9%		Real GDP + CPI to Real GDP + CPI + <1.5% *Current CAGR requirement is >4% to <5.5%*	Linear grading based on growth
On-target	100%	≥20.5%	Real GDP + CPI + 1.5% to + <3% *Current CAGR requirement is 5.5% to <7%*	100% vesting for any of these growth outcomes
	100.1% – 119.9%		Real GDP + CPI + 3% to + 5% *Current CAGR requirement is 7% to <9%*	Linear grading based on growth
Stretch	120%	≥21%	Real GDP + CPI + >5% to + <7% *Current CAGR requirement is 9% to <11%*	120% vesting for any of these growth outcomes
Super stretch	120.1% – 150%	≥22%	Real GDP + CPI + 7% to + 10% *Currently CAGR requirement is >11% to 14%*	Linear grading based on growth

* *The ROE target is measured as the average over the three-year performance period. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS changes or volatile reserves.*

** *If real GDP growth is negative, target will be CPI.*

[#] *Based on the current forecast of CPI as real GDP forecast over the three year period is negative.*

The diagram below sets out the 2019 LTI award's performance conditions graphically:



ROE for 120% vesting is required at 21% or more.

2020 LTI awards

The Covid-19 crisis made the forecasts of earnings, ROE, the macroeconomic variables and the cost of equity extremely fluid, especially as performance conditions were set during August 2020. At the time, Remco determined that the 2020 LTI conditions should align to the deliverables asked of management in the face of the crisis. The group embarked on a strategy to strengthen and protect the balance sheet to enable the group to weather the environment and emerge from the crisis with limited vulnerabilities and well positioned to capitalise on the recovery. In line with this strategy, Remco introduced minimum requirements for the LCR and CET1 ratios for the period. It also required both earnings and returns to be restored to 2019 levels by June 2023.

The metrics Remco will consider for minimum vesting are liquidity and capital ratios, earnings and ROE. The growth requirements are not set relative to economic variables as was usually the practice. Remco emphasised that vesting above 100% would only be possible once the group exceeded the 30 June 2019 earnings level and ROE was back within or above the group's targeted range of 18% to 22% at June 2023. To achieve minimum vesting of 70%, the group must exceed the liquidity and capital targets set by the board and measured at 31 March 2023. If the conditions set for 70% vesting are not met, the award lapses (i.e. zero vesting). For vesting above 70%, the ROE and earnings growth conditions noted below apply.

The 2020 award performance conditions and relevant vesting levels are described below, measured over the period 1 July 2020 to 30 June 2023. Where the performance conditions set for the threshold level have not been met, the award will lapse with zero vesting.

	VESTING LEVEL (SHOULD BOTH CONDITIONS BE MET)	PERFORMANCE CONDITIONS (BOTH MUST BE MET)			
		ROE TARGET	EARNINGS GROWTH REQUIREMENT (3 YEAR CAGR)	NORMALISED EPS REQUIRED AT 30 JUNE 2023	COMMENTS
Threshold	70%	N/a	N/a	N/a	CET1 and LCR requirements as noted above
	70.1% – 94.9%	N/a	Earnings growth of 4.3% to <12%	EPS between 349.2 cents and <432.4 cents	Linear grading based on growth
	95% – 99.9%	ROE ≥COE*	Earnings growth of 12% to <13.4%	EPS between 432.4 cents and <448.9 cents	Linear grading based on growth
On-target	100%	ROE ≥COE*	Earnings growth of 13.4% to <17.5%	EPS between 448.9 cents and <499.3 cents	100% vesting for any of these outcomes
	100.1% – 119.9%	≥18%	Earnings growth of 17.5% to <22%	EPS between 499.3 cents and <558.9 cents	Linear grading based on growth
Stretch	120%	≥20%	Earnings growth of 22%	EPS of 558.9 cents	120% vesting if both these measures met
Super stretch	120.1% – 150%	≥22%	Earnings growth of >22% up to 28.2%	Earnings >558.9 cents. Measured up to EPS of 648.5 cents for 150% vesting after which 150% will apply to all levels	Linear grading based on growth

* *Set as cost of equity at award date of 15.0%.*

The ROE target is measured as the ROE as at 30 June 2023. The earnings growth requirement is a three-year compound annual growth rate of normalised earnings per share. The diagram below sets out the 2020 LTI award's performance conditions graphically:

* *ROE for 120% vesting is required at 20% or more.*

LTI awards to be made

2021 LTI AWARDS

The table below sets out the performance conditions and relevant vesting levels for the 2021 award, measured over the period 1 July 2021 to 30 June 2024. Where the performance conditions set for the threshold level have not been met, the award will lapse with zero vesting. For the 2021 LTI awards, Remco simplified the vesting schedule as set out below. Remco also changed the level of threshold vesting from 70% to 50% to achieve closer alignment with South African market practice.

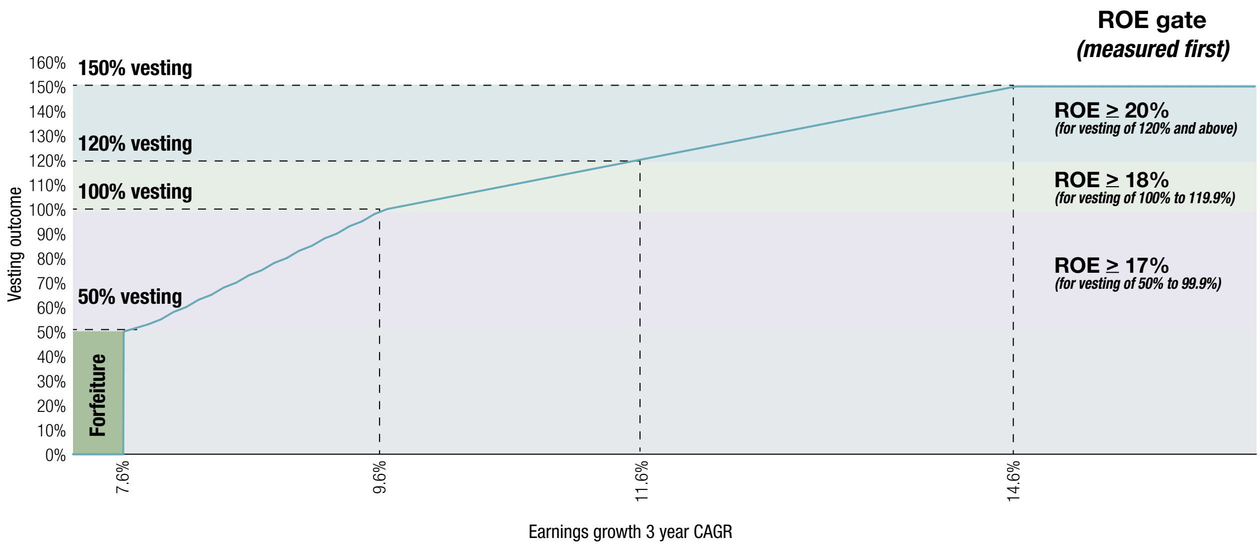
Remco views the conditions for the 2021 LTI awards as sufficiently challenging, and achievement would deliver strong shareholder value creation. Remco considered it appropriate for the threshold vesting ROE condition to be below the target ROE range of 18% to 22%, as it is still well above the group's cost of equity. Combined with earnings growth ahead of the economy, it contributes to shareholder value creation (i.e. positive NIACC). For on-target vesting of 100%, the conditions are more demanding, with earnings growth significantly above the economy and ROE within the group's target range of 18% to 22%.

		PERFORMANCE CONDITIONS (BOTH MUST BE MET)		
	VESTING LEVEL (SHOULD BOTH CONDITIONS BE MET)	ROE TARGET (JUNE 2024)*	NORMALISED EARNINGS PER SHARE GROWTH REQUIREMENT (3-YEAR CAGR)**	COMMENTS
Threshold	50%	≥17%	7.6% (Real GDP+CPI+1%)	Below this level, the vesting outcome will be zero (ROE and earnings growth both required)
On-target	100%	≥18%	9.6% (Real GDP+CPI+3%)	100% vesting requirement if both conditions have been met
Stretch	120%	≥20%	11.6% (Real GDP + CPI+5%)	For vesting at 120% or above, ROE ≥ 20% is required. The vesting level between 120% and 150% will be determined through linear grading linked to the earnings growth CAGR
Super stretch	150%		14.6% (Real GDP+CPI+8%)	

* *The ROE target is measured as ROE as at 30 June 2024. The ROE calculation is based on NAV taking into consideration adjustments (if required) resulting from, for example, material dividend policy changes, regulatory changes, IFRS changes or volatile reserves.*

** *The earnings growth performance conditions have been set with reference to real GDP plus CPI over the three-year period as well as the group's long-term earnings growth target range of real GDP plus CPI plus 0% to 3%. The CAGRs in the table reflect current forecasts of real GDP plus CPI which amount to 6.6%.*

In the event that the three-year CAGR of real GDP is negative over the three years, CPI will be referenced. As both conditions have to be met, either could constrain the vesting level described. The diagram below sets out the 2021 LTI award's performance conditions graphically:



Covid-19 award

As a result of the Covid-19 crisis and economic impact, the 2017 and 2018 LTI did not vest and the 2019 LTIs are at increased risk of not vesting. The failed LTIs affect over 4 000 employees. This made FirstRand an outlier in the market, given that other banks' retention instruments are not as exposed to group performance conditions, particularly across such a wide employee pool, and different financial year ends were less sensitive to the impact of the pandemic. In response, Remco introduced a one-off Covid-19 instrument in 2020 for employees considered critical to the ongoing sustainability of the business. The value of the Covid-19 instrument was struck at half of the original grant value of the 2018 and 2019 awards and there is no additional cost to shareholders (funded by failed awards). The award ensures that FirstRand does not face excessive retention risk and that employees are incentivised to ensure the group successfully trades through the crisis and is well positioned for the recovery.

The award has distinct elements to cater for different levels of seniority.

SENIOR EMPLOYEES

For senior eligible employees, the award was made in September 2020, vesting in three equal tranches over the next three years, subject to the following conditions:

> If the employee leaves the group within 12 months of a particular tranche vesting, the full value of the vested tranche is clawed back and the unvested portion of the award is forfeited. This results in potential clawback until September 2024.

> As the 2018 LTI has failed, the first tranche of the Covid-19 instrument will vest in September 2021. If the 2019 LTI vests, the employee will not receive two vestings, only the higher of the LTI or the Covid-19 instrument tranche will vest

> In September 2023, the Covid-19 tranche is not subject to the 2020 award vesting, hence both may vest.

Remco did consider vesting over two years (in September 2021 and 2022) to avoid the overlap, however its final view was that the Covid-19 award's long vesting period promotes retention, which is the priority rather than avoiding an overlap of vesting.

To further ensure that shareholders are not prejudiced by the award, the following approach has been followed:

> Remco set a floor for the pricing of the award to avoid excess awards due to a depressed share price.

> The award is hedged as part of the normal LTI hedging programme.

> No shares will be issued to settle the award.

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

In response to shareholder feedback Remco introduced performance conditions for executive directors and prescribed officers for all three tranches of the instrument, including both financial and risk elements.

> The financial condition is linked to the group's ROE target range of 18% to 22%. The condition requires the group to deliver an average ROE of at least 18% over the three years to June 2024. If in any year the ROE delivered is below 18%, but not lower than 17.5%, as long as the average ROE over the three years of at least 18% is met, the tranche will vest. If these conditions are not met the vested value of the affected tranche will be clawed back. No conditions were specified for 2021 as more than six months of the period had elapsed before the conditions were added and Remco considered it inappropriate to have vesting criteria that incorporate hindsight. Consequently the clawback performance underpin period commenced on 1 July 2021 and has to be sustained until 30 June 2024.

> The risk condition requires the group to exceed the liquidity and capital targets set by the board, measured over the period up to 31 March 2023, and to comply with its risk policies as assessed by Remco after seeking input from the risk committee.

NON-SENIOR EMPLOYEES

Non-senior eligible employees received two cash payments, the first in September 2020 and the second due in September 2021. Both have a 12 month clawback condition. These payments were approximately 50% of the 2017 and 2018 LTI awarded value adjusted for the decline in share price.

RETIREES

Due to the 2017 and 2018 LTIs failing to vest, in recognition of retirees' historical contribution to the success of the business, Remco decided to award *ex gratia* payments to retirees who were eligible for both the awards. These payments were approximately 50% of the 2017 and 2018 LTI awarded value, adjusted for the decline in share price.

Executive directors' and prescribed officers' remuneration

Information relating to each executive director's and prescribed officer's remuneration for the year under review, and details of share awards and dealings in FirstRand shares, are set out in the following section. The analysis provides a view of executive directors' and prescribed officers' single-figure emoluments and outstanding incentives as required by King IV.

The analysis also includes the quantitative disclosures required by Regulation 43 of the Banks Act and the Prudential Authority (PA) directive to incorporate Basel Pillar 3 remuneration requirements.

FirstRand defines its prescribed officers as the group's executive directors, the CEOs of the group's Retail and Commercial and Corporate and Institutional segments, and the CEO of the Aldermore group. These officers are members of the group strategic executive committee and attend board meetings. This definition changed from prior years as it now excludes the WesBank CEO. WesBank is a product house within the Retail and Commercial segment.

Executive scorecard outcomes

SCORECARD CALIBRATION FOR SOUTH AFRICAN EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The group undertook a comprehensive review of the rating calibrations for the various scorecard categories in the year under review. The group continues to refine the measures for the various scorecard categories, with quantitative measures used where possible, however, certain categories reflect a qualitative assessment where quantitative measures are not applicable. As part of the final performance measurement process, Remco reviewed the calculated ratings and moderated scores through the application of qualitative adjustments in instances where it was appropriate to consider relevant factors not captured explicitly in the calculated scores.

An overview of the approach used to determine executive performance scores is provided below. The actual ratings for the various categories are provided in the scorecards at the end of this report.

A definition of the rating scale is provided in the table below.

RATING CALIBRATIONS AND DEFINITIONS

RATING	RATING CLASSIFICATION/DESCRIPTION
1	Unacceptable
2	Underperformance
3	Meets core performance and delivery expectations
4	Performance and delivery expectations exceeded
5	Exceptional performance and delivery

SCORECARD CALIBRATION FOR ALDERMORE PRESCRIBED OFFICER

Aldermore group is UK regulated by the Prudential Regulatory Authority and the Financial Conduct Authority (PRA and FCA) and therefore all remuneration decisions for the Aldermore CEO are made in line with the UK regulatory context. The scorecard design and performance measures are set and assessed by the Aldermore Remco and align to UK practices. Therefore, there are differences in the STI assessment compared to the South African prescribed officer scorecards. The Aldermore CEO scorecard is described in on page 36.

RATINGS APPROACH FOR THE VARIOUS SCORECARD SECTIONS AND CATEGORIES

FINANCIAL (WEIGHTING: 30%)

For executive directors, the financial section of the scorecard measured group normalised earnings and ROE for the year ended 30 June 2021 relative to budget and internal targets. For the prescribed officers, financial performance was also measured for their relevant business's normalised profit before tax (PBT) and ROE relative to budget and internal targets.

Performance commentary

The group exceeded expectations with 54% growth in normalised earnings and an ROE of 18.4%, which is back in its long-term target range of 18% to 22%, reflecting the underlying quality of the group's earnings. The group also produced near R5 billion of economic profit, or NIACC, which is its key performance measure.

Excluding the impact of lower impairments, pre-provision operating profits increased 5% which is commendable given the tough operating environment.

FNB's normalised PBT increased 32% year-on-year to R23.5 billion and produced an ROE of 33.3% (2020: 25.8%), which significantly exceeded current year targets.

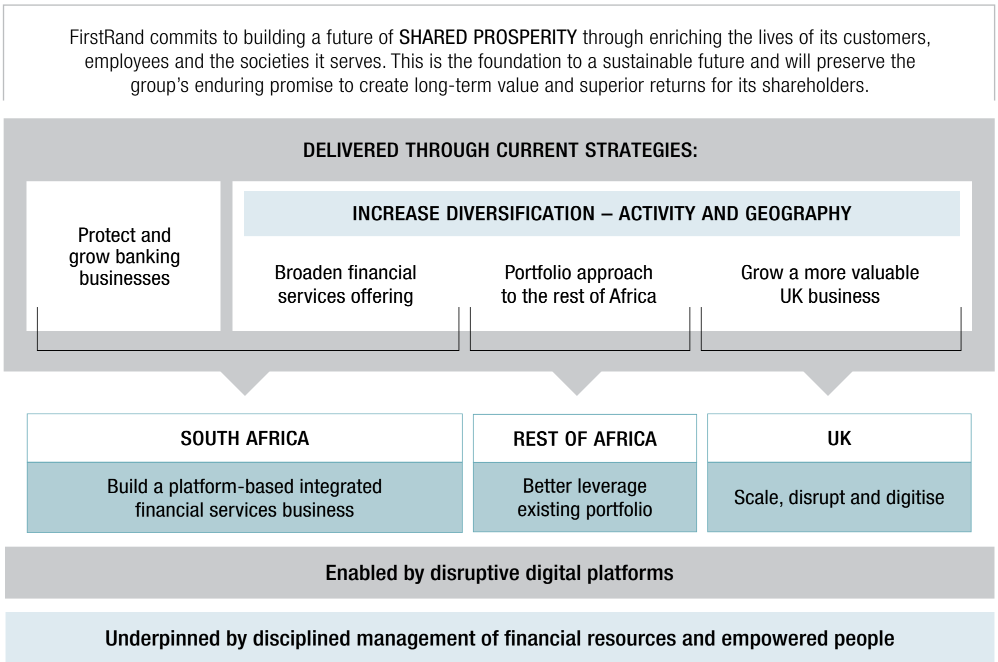
RMB delivered normalised PBT of R10 billion, up 24% year-on-year, and an ROE of 18.7% (2020: 15.4%), also above current year targets.

Aldermore's normalised earnings increased to £132 million (R2.7 billion). The UK operations produced ROE of 11,1%. (2020: 3.9%)

Given the strong financial performance for the year, well in excess of budget and internal targets, and ahead of board expectations, an overall rating of 5 was assigned for the various financial performance measures.

STRATEGIC (WEIGHTING: 25% – 30%)

The strategic section of the scorecard reflects the key components of the group's strategic framework for the year outlined in the schematic below.



Protect and grow banking businesses

The following measures were used to determine the performance score for this category:

> year-on-year growth in active customers in FNB and qualitative assessment of growth in primary-banked relationships for RMB;

> growth in vertical sales index (VSI) compared to the prior year for FNB (adjusted for dilutive effect of growth in new customers);

> actual growth in deposits and advances relative to budget and internal targets (and whether this growth was aligned to targeted origination strategies and in line with risk appetite); and

> cost management (actual relative to budget and internal targets).

Performance commentary

FNB grew its active customer base 5% year-on-year, whilst there was an increase of 81 in primary-banked relationships at RMB. During the year under review, efforts to cross- and up-sell into the retail and commercial bases continued. Customer growth did outstrip product growth, which resulted in the VSI reducing marginally to 2.88 (2020: 2.91). (New customer VSI is initially 1.)

For the growth in customers and cross-sell category, the group executive directors and prescribed officers received a rating of 4 as the performance exceeded internal targets and expectations.

Advances decreased year-on-year, reflecting the group's cautious risk appetite for most of the financial year, given ongoing uncertainty. The deposit franchise, however, performed strongly, growing 6%.

FNB's advances contracted during the year, reflecting the business's continued prudent risk appetite and lower demand given the ongoing impact of Covid-19 on its customer base. Across all segments, deposit growth benefited from strong momentum in savings and investment products. Commercial customers continued to maintain liquidity to support cash flow demands given the prevailing uncertainty.

RMB's core advances also contracted due to low levels of corporate activity and business confidence, and paydowns from clients as their liquidity requirements normalised compared to the Covid-19 drawdowns in the previous financial year. In addition, there was the negative impact of currency appreciation from the cross-border book. Deposit growth remained healthy domestically and in the rest of Africa.

WesBank advances declined 3% as the business maintained its conservative risk appetite.

Advances in the UK operations remained largely flat, in pound terms (down 7% in rand) supported by growth in vehicle asset finance (VAF), whilst the commercial and retail books continued to contract.

For the advances and deposit growth in line with risk appetite category, the executive directors and prescribed officers received a rating of 3.5 given that expectations were met and/or exceeded.

Growth in operating expenses was contained at 3% which exceeded internal targets and expectations, and reflected the continued focus on cost management across the business. It was also achieved despite ongoing investment strategies in:

> insurance and asset management;

> platforms to extract further efficiencies;

> the build-out of the group's footprint in the rest of Africa; and

> the process and system modernisation of the UK business.

Additional costs associated with managing employee and customer well-being on premises and in branches, and the facilitation of remote working for a significant proportion of employees, continue to be incurred. Overall cost growth continues to benefit from lower travel and related costs as well as lower cooperation agreement costs. The cost-to-income ratio improved marginally to 52.4% (2020: 52.9%).

For the cost management category, the executive directors received a rating of 3.5, reflecting the average across the various businesses as detailed below.

At RMB, base costs increased 6%, reflecting continued investment in core platform modernisation, as well as investment in the rest of Africa growth strategies. Total costs increased 11%, primarily due to higher variable costs linked to performance. *The RMB CEO received a rating of 3 for cost management, as expectations were met but not exceeded.*

At FNB, costs were well managed at 3%, despite continued investment in growth strategies, which translated into a rating of 3.7 for the FNB CEO, reflecting expectations being exceeded.

Broaden financial services offering

Performance for the group's insurance activities was assessed against budgeted targets for key performance indicators (KPIs) outlined in the following table.

BROADEN FINANCIAL SERVICES OFFERING KPIs

INSURANCE	INVESTMENT MANAGEMENT
> Embedded value (EV) and return on EV > Value of new business (VNB) > Profit before taxation > Number of policies > Lives covered > In-force annual premium equivalent (APE) > New business APE > Penetration into FNB retail base	> Assets under management (AUM) > Assets under administration (AUA) > Trade values > Account base > Improved profitability

Performance commentary

For RMB, the rating was based on a qualitative assessment of progress in investment management activities for the year under review. *A rating of 3.5 was assigned to the CEO of RMB, reflecting the successful integration of the Ashburton business during the year.*

The insurance business met and/or exceeded the budgeted targets for all of the KPIs set out above, except for PBT which was below budget for the year given the elevated claims and provisions as a consequence of Covid-19. FNB's asset management activities met and/or exceeded budgeted targets for the KPIs listed above for the year ended 30 June 2021.

An overall rating of 3.7 was assigned to the FNB CEO and group executive directors for this category.

Leverage rest of Africa portfolio

Measures considered in the performance rating include normalised earnings growth, ROE improvement, growth in customers, cost management and franchise value.

Performance commentary

FNB significantly exceeded its budgeted pre-tax profits for the year, whilst maintaining prudent provisioning, and delivered an improvement in ROE. This performance was achieved despite the significant negative endowment impact from rate cuts. Costs reduced 3% year-on-year. The rest of Africa portfolio saw good growth in the active customer base in the year under review (up 5% on a normalised basis), and managed costs well despite high levels of inflation in certain jurisdictions.

The RMB rest of Africa portfolio delivered a strong performance with pre-tax profits of R3.1 billion, up 39% on the prior year.

RMB successfully executed strategies relating to people, modernisation and digitisation of platforms, increased client focus and deliberate cross-sell strategies through collaboration which resulted in 27 new primary bank wins across the several jurisdictions. This resulted in good deposit growth for the year and increased non-interest revenue on the back of increased volumes. The business's deposit margins were severely impacted by repo rate cuts. The lending business strategy around client and sovereign resulted in robust asset growth in the current year, increased cross-sell opportunities, and established several relationships through lending which helped increase share of wallet or translated into a primary banking relationship.

Consequently, FNB's CEO was assigned a rating of 3.9, RMB's CEO a rating of 3.7 and the group executive directors received ratings of 3.7 for this category.

Grow more valuable UK business

Progress relating to the implementation of strategy in the UK operations was measured against Aldermore's remuneration scorecard categories:

> nimble, lean and strong (organisational transformation, financial plan and risk);
> compelling customer experience (change delivery and customer strategy); and
> diversity and inclusion.

Scores for the executive directors were based on the Aldermore remuneration committee's assessment of progress against these targets and a rating of 4 was assigned for the above.

The group executive directors were further assessed on the group's return on investment (ROI) on the Aldermore acquisition. The CAGR since investment is 12.1% in rand terms and 6.5% in pound terms. This was compared to the weighted average cost of capital and the opportunity cost. The CAGR calculation includes the pandemic impact for a significant proportion of the investment horizon.

A rating of 3 was assigned to the executive directors for the ROI component of the score (meets expectations).

The overall rating for this category for the executive directors was 3.9.

Build a platform-based financial services business

The score for the 2021 financial year was based on qualitative assessment of progress against the KPIs outlined in the following table.

KPIs FOR MEASURING PROGRESS AGAINST PLATFORM STRATEGY

KPI	MEASUREMENT
Strategic ecosystem partnerships	> New ecosystem partnerships > External application programme interface (API) integrations
IT systems	> Off-platform decommissioning > Average time to market, releases per year > Cloud-enabled (or cloud-first) applications
Work items	> Work items on platform > Reduction in processing time, cost savings and revenue uplift
Data	> Volume and quality of customer, product and interaction data on core data platform > AI/machine learning/contextual models developed
Customer engagement	> Origination on platform (or via partners) > Financial/non-financial transactions via approved digital interfaces > Platform stickiness: customer (average time spent on platform), partner (volume of interactions on platform) and employee (transactions on platform) > ROE, customer profit, share of wallet and cost to income (CTI) for digital vs non-digital user

There has been significant progress in the build-out of the group's digital and data platforms with strong buy-in across management structures and businesses, reflecting senior leadership and sponsorship of this important group strategy. *As a result a rating of 4 was assigned to the executive directors and prescribed officers for this category.*

Disciplined management of financial resources

The score for the 2021 financial year reflects measurement of actual outcomes relative to internal targets, as well as qualitative assessment of enablement and implementation of the FRM crisis response framework in the year under review.

FINANCIAL RESOURCE MANAGEMENT KPIs

CATEGORY	KPI	MEASUREMENT
Fiduciary management of financial resources (measured relative to internal/risk appetite targets and regulatory requirements)	Capital	CET 1 ratio
	Funding and liquidity mismatch	> Loan-to-deposit ratio > Liquidity coverage ratio (LCR) > Deposit franchise
	Risk appetite	Credit rating
FRM enablement of strategies	Qualitative assessment	

FRM performance commentary

The group's CET1 ratio at 30 June 2021 was amongst the highest in the peer group. The loan-to-deposit ratio was maintained, LCR increased, and FNB remained the leading provider of retail and business deposits in SA. On a standalone basis, the bank (FRB) has maintained its strong national scale credit rating. FRM is deeply embedded across the group and is continually enhanced with specific focus on the investment management business, rest of Africa and RMB.

In order to appropriately navigate the economic crisis brought about by the pandemic, for the year to 30 June 2021 the group anchored execution of its strategy to the following FRM principles:

> Carefully price for financial resources.
> Appropriately provide against lending portfolios.
> Apply strict cost management.
> Further strengthen and appropriately tilt the balance sheet to the macro outlook.
> Accrete capital and NAV – the deployment of capital to reflect the updated cost of equity.
> Emerge from Covid-19 with limited vulnerabilities, with capital for growth.

Adherence to these principles supported the group in the year under review. Earnings recovered faster than expected, with ROE and NIACC coming back strongly. The group's CET1 ratio increased to 13.5% (2020: 11.5%) and the group is in a position to pay a full-year dividend at the bottom end of its cover range (••% payout).

The group has also updated its FRM guidelines to support its competitive posture and accelerate growth strategies in the coming financial year.

Given the above, ratings of 4.5 were assigned to the FirstRand CEO, FirstRand CFO and FNB CEO. A rating of 4.3 was assigned to the group COO. The RMB CEO received a rating of 4.1.

RISK AND CONTROL (WEIGHTING: 20% – 25%)

Rating considerations for the various risk and control subcategories are outlined in the table below.

RISK AND CONTROL SUBCATEGORIES	RATING CONSIDERATIONS
Control environment	> Year-on-year trend in significant and unacceptable audit findings. > Group Internal Audit (GIA) risk maturity rating and exceptions noted. > Self assessment of control environment by each risk Remco; risk governance report concerns on control environment. > Covid-19 operational resilience response.
Business and market conduct	> Customer complaint trends on absolute basis and relative to peers – ombud feedback, resolution, social media barometer, brand index score. > Staff ethics line complaints. > Conflicts of interest management – control room and declarations. > Product suitability (including pricing, access). > Compensation for good conduct outcomes. > Compliance training statistics. > Financial Sector Conduct Authority (FSCA) engagement feedback. > Surveillance process effectiveness as measured by results of monitoring activities. > Regulatory fines for anti-money laundering (AML) or conduct-related matters. > Effectiveness of AML/customer desirability management as per monitoring reports and key statistics (e.g. refresh rates, screening rates, etc.). > Conduct-related audit findings. > Settlements/litigation due to market conduct concerns raised (including insurance claims). > Culture and behaviour.
Risk appetite and volatility	> References PBT (operating business), normalised earnings (group) – peak-to-trough earnings fall – with some recovery in the earnings at June 2021. The peak-to-trough earnings fall did not worsen after the 2020 fall. > Budgeted vs actual normalised earnings for year ended 30 June 2021. > Qualitative considerations on risk appetite frameworks, management and forecasting.
Credit losses/ impairments	Combination of qualitative and quantitative considerations: > Articulated credit strategy and alignment of business with this strategy. > Effective functioning of credit oversight bodies within the segment (portfolio review, policy and impairment review). > New origination within prudential risk appetite measures. > Sufficient capacity of credit risk resources in the segments (leadership and teams) for both origination, assessment and collection. > Impairment charge – within group's earnings volatility range. > Impairment charge – aligned with the peer set or outlier up/down. > Impairment coverage – aligned to internal views and the peer set. > Platform performance – BCBS239-compliant. > Regulatory engagement (on-site, regulatory reporting (BA200) and others) – trend relative to previous years. > Operational risk events within credit risk – any concerns to note from operational risk team or GIA.
Operational, market and investment risks	> Actual net operational losses vs operational risk appetite limits and overall responsiveness to Covid-19 to contain losses. > Market risk vs market risk appetite limits. > Investment risk vs investment risk appetite limits.

RISK AND CONTROL RATINGS

	FNB CEO	RMB CEO	Executive directors
Control environment	3.7	3.7	3.7
Business and market conduct	3.5	4.0	3.7
Risk appetite and volatility	3.7	3.7	3.7
Credit loss/impairments	4.0	4.0	4.0
Operational, market and investment risks	3.4	3.2	3.3
Overall risk and control rating	3.7	3.7	3.7

ESG (WEIGHTING: 20%)

Ensuring the health of organisational culture and good corporate governance

From a health of organisational culture perspective, the rating considered organisational diagnostics relating to levels of trust and employee engagement, culture risk, focus on the FirstRand Promises and implementation of well-being strategies, and whether executives were providing the required leadership and resources to employees to enable optimal performance.

From a corporate governance perspective, the rating assessed the integration of governance considerations into policies, processes and frameworks.

Overall ratings for this category were 3.6 for the executive directors and prescribed officers.

Health of key relationships (for executive directors)

This category considered the following key stakeholder groups: shareholders, debt holders and rating agencies, and regulators.

Ratings for shareholder relations were based on a qualitative assessment of the quality and frequency of executive engagement with investors (accessibility, quality of meetings, etc.).

Debt holder and rating agency ratings considered adequacy of disclosure, responsiveness to investor queries, and general engagement with the institutional market, and whether there were any adverse idiosyncratic rating actions/status.

For regulatory relationships, scoring was based on a qualitative assessment of the following elements:

- **Communication/consultation** – assess whether the group regulatory engagements are managed in an effective, seamless, transparent and well-coordinated manner.
- **Building trust and legitimacy** – assess if group engagements with regulators contribute positively towards building trust and goodwill and follow established protocols.
- **Conflict management** – determine if engagements with regulators lead to a more stable and conducive operating environment for the group.

An overall rating of 4.2 was assigned to the executive directors for this category.

Health of customer relationships (for prescribed officers)

This involved a qualitative assessment of the health of customer relationships considering customer satisfaction measures, complaints handling (volumes and turnaround times), net promotor scores, brand index scores and brand reputation.

After the assessment of the criteria detailed above, a final rating of 3.5 was assigned to the FNB CEO, and 4.0 to the RMB CEO.

Shared value

Shared value principles underpin the group's view that it must intentionally use core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale. The rating for this category assessed progress on the implementation of the shared value framework and principles against the group's shared value phased approach. It considered the embedment of shared value in various group frameworks (such as FRM, measurement and reporting, governance and performance), the level of understanding of shared value and associated drivers, the establishment/identification of shared value-focused business areas, identification of opportunities, and articulation of strategy to maximise positive impacts and minimise negative impacts, progress on quantification of shared value impacts (metrics) and reporting.

The executive directors and prescribed officers all received a rating of 3 for this category.

Climate

The rating calibration of the climate category is provided below.

CLIMATE RATING CALIBRATION

RATING BUCKET	RATING CLASSIFICATION	DESCRIPTION
1	Unacceptable	> Significant reputational damage arising from climate risk e.g. as a result of failure to identify and appropriately screen climate-sensitive transactions. No progress made against climate roadmap.
2	Underperformance	> Some reputational damage arising from climate risk e.g. as a result of failure to identify and appropriately screen climate-sensitive transactions. > Limited progress made against climate roadmap.
3	Meets core performance and delivery expectations	> Compliance with and progress made in line with FirstRand's climate roadmap. > Improved understanding of climate risk by board and senior leadership. > Articulated climate policy.
4	Performance and delivery expectations exceeded	> Deep understanding of climate-risk and associated drivers. > Establishment of climate-focused business areas, identification of opportunities and initial articulation of climate strategy. > Initial quantification of impact of climate risk on sensitive portfolios.
5	Exceptional performance and delivery	> Optimisation of business activity relative to climate pathway and mitigation of portfolio outliers. > Recognised industry leadership in climate change management.

Based on the above calibration, ratings were assigned as follows: 3.9 for the RMB CEO and 3.7 for the FNB CEO, as both franchises met and/or exceeded criteria. Hence the average rating is 3.8 for the group's executive directors.

Transformation

Transformation ratings consider progress against employment equity targets and broad-based black economic empowerment (B-BBEE) scores compared to maximum points available for each category, as well as a qualitative assessment of transformation across the group and segments.

Overall ratings for this category were 3.7 for the CEO of FNB for exceeding targets and 3.0 for the RMB CEO for meeting the internal expectations, and result in an overall rating of 3.5 for the executive directors.

Talent management and succession planning

This category was assessed on progress made to ensure adequacy of succession cover (ready now, ready in one to three years, ready in three to five years) for critical roles, evidence of progress made on pipeline, leadership bench strength and identification of diverse talent (African, Coloured and Indian (ACI), women, people with disabilities, etc.) for critical roles and evidence of progress made to identify capability gaps in relation to key strategic priorities (e.g. platform, data and technology). It also considered retention of top talent and retention strategies, as well as evidence of development, sponsorship and growing talent internally (growing own timber), effectiveness of performance management, commitment to and progress made towards creating high-performance culture, and the talent experience.

Overall ratings for this category were 3.2 for the CEO of FNB and 3.4 for the RMB CEO, and 3.3 for the executive directors.

ALDERMORE PRESCRIBED OFFICER

Aldermore follows the UK-regulated approach where a scorecard is developed for the entire business and a targeted maximum STI pool is developed called AIP (annual incentive plan), which is thereafter translated as payout as a % of salary.

The Aldermore group strategic pillars informed the assessment, with weightings and targets for Phillip Monk's scorecard focused on:

PILLAR	CATEGORY	MEASURES	OUTCOME
Nimble, lean and strong (60%)	Delivery of the financial plan	> PBT > Cost-to-income ratio	**Expectations exceeded** Financial measures exceeded budget, partly attributed to lower actual impairment charges compared to budget, reflecting the uncertainty when set, and PBT ahead of prior year, largely driven by continued growth of MotoNovo as part of Aldermore.
	Covid-19 response	> Effective and responsive management of business in line with market volatility, government advice and industry best practice	**Met** In line with expectation.
	Organisational transformation	> Delivery of organisational transformation phase 1 by end FY2021 > Scope of phase 2 defined and agreed on with board	**Met** Progressing to plan.
	Change capacity and capability	> FY2022 portfolio prioritised, sized and agreed on, with resourcing scheduled > Three-year view of change agenda defined, with agreed plan to drive capacity and capability	**Met** Progressing to plan.
	Risk	> Independent second-line assessment of risk profile and performance for FY2021	**Met** Operated within risk appetite across all 3 years, a risk event in the current year was taken into account in final STI determination.
Compelling customer service (30%)	Loan book	Increase of net loans: > Business finance > Motor finance > Mortgage finance	**Underperformance** Business and motor loan book showed strong growth in 2021, but was under target. Retail book grew, but is under target and facing increased market competition.
	Customer Net Promoter Score (NPS)	Improvement in NPS: > Business finance > Motor finance > Mortgage finance > Personal and business savings	**Met** Overall all NPS scores show improvement and are within target range, except for broker retail NPS and business savings NPS, which are below target.
Transformative partnerships (10%)	Diversity and inclusion	> % of women in management	**Underperformance** Incremental growth of women in management, but below target.
	Shared value	> Fully launch One Aldermore shared value programme by end FY2021	**Met** Programme progressing well.
	Employee NPS	> Employee engagement and satisfaction	**Met** Moving in improved direction.

Link between executive scorecards and allocation of short-term incentives

The calculation of the short-term incentive component for the South African executives takes the following into account:

> external benchmarking (guaranteed package, STI, LTI and total remuneration);
> calculated pool growth (refer to pages 13 to 14); and
> individual performance scorecards, considering overall and category performance ratings and the STI ranges per rating band (see table below).

Overall rating classifications for executive directors and prescribed officers

OVERALL RATING	RATING CLASSIFICATION	FY21 STI RANGES PER RATING BAND (% OF GUARANTEED PACKAGE)	RATING IMPLICATION FOR STI CALCULATION	
1	Unacceptable		≤2	Does not qualify for STI.
2	Underperformance		>2 to 3	Reduction to flat year-on-year STI change.
3	Meets core performance and delivery expectations	CEO: 100% to 300% COO, CFO: 100% to 250% FNB CEO: 100% to 250% RMB CEO: 100% to 350%	>3 to 5	Increase in bonus compared to prior year considering personal performance, pool growth and STI ranges per rating band. 2021 STI allocations were constrained as group earnings and ROE are still recovering.
4	Performance and delivery expectations exceeded			
5	Exceptional performance and delivery			

Executive scorecards for the year ended 30 June 2021

INDIVIDUAL PERFORMANCE REVIEWS

This section includes summarised performance reviews per executive director and prescribed officer. They demonstrate the link between the STI award and performance rating, benchmarking, overall pool growth and changes in reward mix.

The STIs for all executive directors and prescribed officers are below the caps disclosed in the *Policy* section.

Executive director or prescribed officer	**2021 STI as % of GP**	**STI cap as % of GP**
Alan Pullinger (Group CEO)	128%	300%
Mary Vilakazi (Group COO)	121%	250%
Harry Kellan (Group CFO)	122%	250%
Jacques Celliers (FNB and Retail and Commercial segment CEO)	169%	250%
James Formby (RMB and Corporate and Institutional CEO)	266%	350%
Steven Cooper (Aldermore CEO) (pro-rated across months employed)	68%	125%*
Phillip Monks (former Aldermore CEO) (pro-rated across months employed)	59%	125%*

* *Aldermore STI cap is a percentage of salary excluding allowances.*

remuneration outcomes

FirstRand CEO

ALAN PULLINGER

Alan has demonstrated highly effective leadership as the group successfully navigated another year characterised by challenging macroeconomic environments in all the jurisdictions the group operates in. He has driven a strong focus on the key financial, strategic, risk and control elements of the business. This has enabled the business to capitalise on the economic rebound taking place, which is particularly evident in the group's outperformance in terms of pre-provision operating profits. It also endorses the decision taken to implement key financial resource management principles across the businesses to ensure superior returns are delivered to shareholders. Testament to this is the strong rebound in ROE and NIACC, whilst the group maintained balance sheet provisioning and coverage at healthy levels.

Alan is a strong advocate of the ESG agenda and topics such as climate change have gained significant momentum this past year. This is reflected in the quality of the group's disclosure in its first Task Force on Climate-related Financial Disclosures (TCFD) report and updated climate and fossil fuel policies. Recognising the importance of this issue Alan is fully invested in ensuring climate change remains a key strategic agenda item and that the business has responded appropriately. He has engaged with industry bodies, regulators, shareholders and NGOs on the topic during the year. Another ESG topic that Alan has been fully engaged on is the health of the group's customer relationships. Alan continues to drive the group's platform strategy, proactively engaging business on progress and competitive positioning.

Alan continues to be accessible to investors, recognising the need to engage regularly given the prevailing uncertainty. Transforming the Stratco table has also been a focus for Alan, with two recent appointments resulting in a meaningful shift in representation around the "top" table.

Alan is an active participant in important industry bodies and has constructive relationships with the group's key regulators.

2021 STI FOR ALAN

FY21 SCORECARD

SECTION	SECTION WEIGHTING	SECTION RATING	CATEGORY SCORE	CATEGORY WEIGHT	CATEGORY	
Financial	30%	5.0	5.0	50%	Normalised earnings growth	FirstRand group earnings and returns
			5.0	50%	ROE	
Strategic	30%	3.9	4.0	10%	Growth in customers and cross-sell	Protect and grow banking businesses
			3.5	10%	Grow deposit franchise and advances	
			3.5	10%	Cost management	
			3.7	15%	Broaden financial services offering	
			3.8	15%	Leverage rest of Africa portfolio	
			3.9	15%	Grow a more valuable UK business	
			4.0	10%	Build a platform-based financial services business	
			4.5	15%	Disciplined management of financial resources	
Risk and control	20%	3.7	3.7	20%	Control environment	
			3.7	20%	Market and business conduct	
			3.7	15%	Risk appetite and volatility	
			4.0	20%	Credit losses/impairments	
			3.3	25%	Operational, market and investment risks	
ESG	20%	3.6	3.6	15%	Ensuring the health of organisational culture and good corporate governance	
			4.2	15%	Health of key relationships	
			3.0	20%	Shared value	
			3.8	20%	Climate	
			3.5	15%	Transformation	
			3.3	15%	Talent management and succession planning	
Overall rating	100%	4				

Based on the 2021 STI scorecard, Remco assessed Alan's overall performance as 4, being "performance and delivery expectations exceeded". The rating implication for the STI outcome is that there is an increase in bonus compared to prior year. This increase considers individual performance, STI pool growth, STI ranges per rating band and referenced 2019 STI.

Remco set a key performance measure to restore 2019 earnings. Given that the group has not yet reached this level, Alan's STI for 2021 was struck at the lower end of the range, growing 25% (after decreasing 57% in 2020), and representing only 54% of his 2019 STI. This STI outcome is also a reflection of mix change in favour of LTIs.

As detailed in the prior year remuneration report, Alan's guaranteed package did not increase given June 2020 performance. The LTI award in September 2020 did increase 19.7% due to Alan's change in mix, i.e. higher LTIs vs STIs.

R thousand	2021	2020	% change
Guaranteed package	**9 450**	9 414	0%
STI	**12 063**	9 650	25%
Cash payment*	**4 905**	–	
Cash deferred	**2 126**	5 825	
Share-linked	**5 032**	3 825	
LTI award**	**24 000**	20 046	20%
Total	**45 513**	39 110	16%

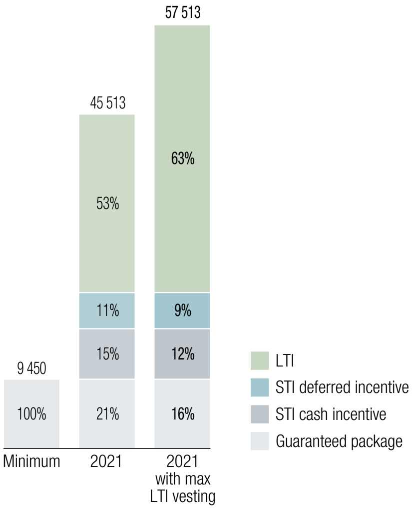
* *In 2020, the full cash component was deferred for a year, in line with PA guidance.*

** *LTI award values at award date (September 2019 and 2020).*

The following graph provides an illustration of the remuneration outcome relative to 2021 should maximum vesting occur in three years on the LTI. It also provides the mix of the current year remuneration.

CEO

%



Numbers are shown in R'000.

Basis of graph preparation

The remuneration outcome graphs included with each of the executive's remuneration tables below, are prepared with the following inputs:

> *The guaranteed package of 2021 is reflected as the minimum remuneration.*

> *The 2021 remuneration reflects the total remuneration received during 2021. The LTI is the grant value of the award made during the year.*

> *The 2021 remuneration with maximum LTI vesting provides the 2021 remuneration, with the LTI at the maximum potential vesting outcome of 150%, in three years. This vesting level will only be achieved if exceptional performance has been delivered, with the performance conditions requiring an ROE higher than 22% combined with earnings growth over the three years with a CAGR of 28.2%. The value excludes any share price change as there is no additional cost to the group as share price changes have been hedged.*

Awards for 2022 – outcome of annual salary review in August 2021

> Alan benchmarks well in the industry and as such his guaranteed pay increased by 2% in line with other executives, following no increase in the prior year.

> An LTI of R24.8 million that could vest in 2024 if performance conditions are met, represents an increase of 3.5%, in line with the pool growth for all eligible employees.

Vesting outcomes in 2022

The LTI of R18.5 million awarded in 2018, which was due to vest in September 2021, has lapsed. As such, the first tranche of the Covid-19 retention instrument with award value of R6.4 million will vest in September 2021. The full value of the tranche will be clawed back if the performance conditions are not met. Refer to page 27 for award performance conditions.

FirstRand COO

MARY VILAKAZI

In her role as group COO Mary is an integral member of the executive team, working closely with the CEO and CFO in the execution of strategy and the management of financial, risk and control elements of the business. The executive team collectively took accountability for the decision to implement key financial resource management principles across the businesses to ensure the group emerged from the Covid-19 pandemic with limited vulnerabilities and revert back quickly to delivering superior returns to shareholders. Testament to this is the strong rebound in ROE and NIACC in the year under review.

Mary's portfolio also includes overseeing the growth strategies of insurance and wealth and investment management, which are critical to the group's overarching ambition to deliver integrated financial services. As expected the performance of the life business was impacted by additional claims and reserve requirements due to the Covid-19 pandemic. However, the business delivered solid premium growth of 9%. Pleasingly, the group's short-term insurance business is scaling ahead of expectations. The wealth and investment business also continued to scale with robust growth in the account base and AUM. Mary continues to assist the CEO in driving the group's platform strategy as this is key to delivering integrated financial services to the group's customer base on platform.

Mary has ultimate oversight of the rest of Africa portfolio which, despite the macroeconomic challenges across all jurisdictions, continues to scale and in the year under review showed good growth, particularly in the corporate and investment bank.

Mary is a strong advocate of the ESG agenda and as chair of Conduct Exco ensures that environmental, social and governance topics are regularly debated and escalated to the board. Mary is also proactively working with the social investing team and group foundations to better integrate corporate social investment (CSI) activities with broader business strategy.

2021 STI FOR MARY

FY21 SCORECARD

SECTION	SECTION WEIGHTING	SECTION RATING	CATEGORY SCORE	CATEGORY WEIGHT	CATEGORY	
Financial	30%	5.0	5.0	50%	Normalised earnings growth	FirstRand group earnings and returns
			5.0	50%	ROE	
Strategic	25%	3.8	4.0	10%	Growth in customers and cross-sell	Protect and grow banking businesses
			3.5	10%	Grow deposit franchise and advances	
			3.5	15%	Cost management	
			3.7	17.5%	Broaden financial services offering	
			3.8	17.5%	Leverage rest of Africa portfolio	
			3.9	10%	Grow a more valuable UK business	
			4.0	10%	Build a platform-based financial services business	
			4.3	10%	Disciplined management of financial resources	
Risk and control	25%	3.7	3.7	20%	Control environment	
			3.7	20%	Market and business conduct	
			3.7	20%	Risk appetite and volatility	
			4.0	20%	Credit losses/impairments	
			3.3	20%	Operational, market and investment risks	
ESG	20%	3.6	3.6	15%	Ensuring the health of organisational culture and good corporate governance	
			4.2	15%	Health of key relationships	
			3.0	20%	Shared value	
			3.8	20%	Climate	
			3.5	15%	Transformation	
			3.3	15%	Talent management and succession planning	
Overall rating	100%	4				

Based on the 2021 STI scorecard, Remco assessed Mary's overall performance as 4, being "performance and delivery expectations exceeded". The rating implication for the STI outcome is that there is an increase in bonus compared to prior year. This increase considers individual performance, STI pool growth and STI ranges per rating band, and referenced 2019 STI.

Remco set a key performance measure to restore 2019 earnings. Given that the group has not yet reached this level Mary's STI for 2021 was struck at the lower end of the range, growing 43% (after falling 38% in 2020) and representing 90% of her 2019 STI.

As detailed in the prior year remuneration report, Mary's guaranteed package was not increased given June 2020 performance. The LTI award in September 2020 was increased 3.7% in line with overall inflationary pool growth. These outcomes are detailed below:

R thousand	**2021**	2020	% change
Guaranteed package	**7 155**	7 121	0%
STI	**8 650**	6 050	43%
Cash payment*	**3 767**	–	
Cash deferred	**1 558**	4 025	
Share-linked	**3 325**	2 025	
LTI award**	**11 184**	10 775	4%
Total	**26 989**	23 946	13%

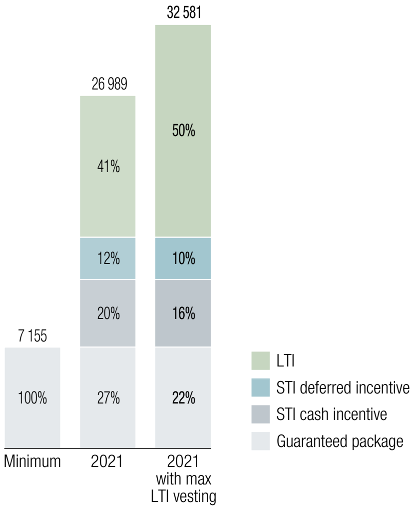
* *In 2020, the full cash component was deferred for a year, in line with PA guidance.*

** *LTI award values at award date (September 2019 and 2020)*

The following graph provides an illustration of the remuneration outcome relative to 2021 should maximum vesting occur in three years on the LTI. It also provides the mix of the current year remuneration.

COO

%



Numbers are shown in R'000.

Awards for 2022 – outcome of annual salary review in August 2021

Mary has taken on additional executive responsibilities and this required revised benchmarking of the role. This benchmarking exercise suggested an adjustment to her guaranteed package and LTI. Consequently, Remco adjusted for this during the August 2021 review:

> There will be a 11.8% increase in guaranteed package for the 2022 year to align Mary's GP with local peer benchmarks.

> An LTI of R14 million that could vest in 2024 if performance conditions are met, represents an increase of 25.3%.

Vesting outcomes in 2022

The LTI of R8.5 million and the buyout award of R14 million awarded in 2018, which were due to vest in September 2021, have lapsed. As such, the first tranche of the Covid-19 retention instrument of R5.5 million will vest in September 2021. The full value of the tranche will be clawed back if the performance conditions are not met. Refer to page 27 for award performance conditions.

FirstRand CFO

HARRY KELLAN

In his role as group CFO Harry is an integral member of the executive team, working closely with the CEO and COO in the day-to-day execution of strategy and the management of financial, risk and control elements of the business. The executive team collectively took accountability for the decision to implement key financial resource management principles across the businesses to ensure the group emerged from the Covid-19 pandemic with limited vulnerabilities and revert back quickly to delivering superior returns to shareholders. Testament to this is the strong rebound in ROE and NIACC in the year under review.

Under Harry's guidance the group maintained a strong balance sheet delivering appropriate capital, funding and liquidity outcomes and ensuring provisioning and coverage at healthy levels.

Harry worked in partnership with risk and financial resource management on credit appetite parameters and capital allocation, which resulted in a disciplined approach to origination. Harry is the group's custodian of the performance measurement framework.

In partnership with the CEO Harry is the shareholder representative on the Aldermore board, providing valuable input on strategy, operations and the embedment of FRM principles in the business to ensure the UK operations are better positioned to deliver economic profits to the group.

Harry continues to be accessible to investors, recognising the need to engage regularly given the prevailing uncertainty.

2021 STI FOR HARRY

FY21 SCORECARD:

SECTION	SECTION WEIGHTING	SECTION RATING	CATEGORY SCORE	CATEGORY WEIGHT	CATEGORY	
Financial	30%	5.0	5.0	50%	Normalised earnings growth	FirstRand group earnings and returns
			5.0	50%	ROE	
Strategic	25%	3.9	4.0	10%	Growth in customers and cross-sell	Protect and grow banking businesses
			3.5	15%	Grow deposit franchise and advances	
			3.5	15%	Cost management	
			3.7	10%	Broaden financial services offering	
			3.8	10%	Leverage rest of Africa portfolio	
			3.9	15%	Grow a more valuable UK business	
			4.0	10%	Build a platform-based financial services business	
			4.5	15%	Disciplined management of financial resources	
Risk and control	25%	3.7	3.7	20%	Control environment	
			3.7	20%	Market and business conduct	
			3.7	20%	Risk appetite and volatility	
			4.0	20%	Credit losses/impairments	
			3.3	20%	Operational, market and investment risks	
ESG	20%	3.6	3.6	15%	Ensuring the health of organisational culture and good corporate governance	
			4.2	15%	Health of key relationships	
			3.0	20%	Shared value	
			3.8	20%	Climate	
			3.5	15%	Transformation	
			3.3	15%	Talent management and succession planning	
Overall rating	100%	4				

Based on the 2021 STI scorecard, Remco assessed Harry's overall performance as 4, being "performance and delivery expectations exceeded". The rating implication for the STI outcome is that there is an increase in bonus compared to prior year. This increase considers individual performance, STI pool growth and STI ranges per rating band, and referenced 2019 STI.

Remco set a key performance measure to restore 2019 earnings. Given that the group has not yet reached this level Harry's STI for 2021 was struck at the lower end of the range, growing 44%, (after falling 36% in 2020), representing 92% of his 2019 STI.

As detailed in the prior year remuneration report, Harry's guaranteed package did not increase given June 2020 performance. The LTI award in September 2020 did increase 3.8% in line with overall inflationary pool growth. These outcomes are detailed below:

R thousand	2021	2020	% change
Guaranteed package	**7 791**	7 760	0%
STI	**9 500**	6 600	44%
Cash payment*	**4 050**	–	
Cash deferred	**1 700**	4 300	
Share-linked	**3 750**	2 300	
LTI award**	**13 950**	13 440	4%
Total	**31 241**	27 800	12%

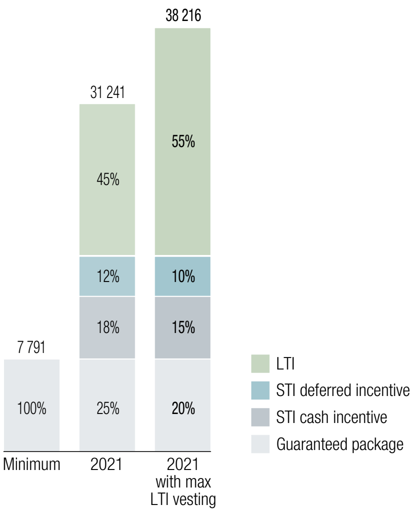
* *In 2020, the full cash component was deferred for a year, in line with PA guidance.*

** *LTI award values at award date (September 2019 and 2020).*

The following graph provides an illustration of the remuneration outcome relative to 2021 should maximum vesting on the LTI occur in three years. It also provides the mix of the current year remuneration.

CFO

%



Awards for 2022 – outcome of annual salary review in August 2021

Remco adjusted Harry's total reward during the August review, following benchmarking for the CFO role which indicated adjustments were required for GP and LTI.

> There will be a 9.1% increase in guaranteed package for the 2022 year to align Harry's GP with local peer benchmarks.

> An LTI of R16 million that could vest in 2024 if performance conditions are met, represents an increase of 14.7%.

Vesting outcomes in 2022

The LTI of R12 million awarded in 2018, which was due to vest in September 2021, has lapsed. As such, the first tranche of the Covid-19 retention instrument of R4.2 million will vest in September 2021. The full value of the tranche will be clawed back if the performance conditions are not met. Refer to page 27 for award performance conditions.

FNB CEO and CEO of retail and commercial segment

JACQUES CELLIERS

Jacques Celliers is CEO of FNB and the total retail and commercial segment (which includes WesBank).

Jacques demonstrated highly effective leadership as FNB successfully navigated another year characterised by challenging macroeconomic environments in all the jurisdictions it operates in. Under his stewardship FNB has capitalised on the economic rebound taking place, which is particularly evident in the bank's pre-provision operating profit. It also endorses the decision taken to implement key financial resource management principles in the business to ensure superior returns are delivered. Testament to this is the strong rebound in FNB's ROE, whilst maintained balance sheet provisioning and coverage at healthy levels.

FNB's operational performance was a result of ongoing execution on its strategy to be a platform-enabled provider of integrated financial services. Many of its strategic ambitions showed continued good progress in the year under review.

FNB's customer franchise showed robust growth of 5%. NIR was a solid 5% up as transaction volumes rebounded strongly, demonstrating the success of FNB's strategy to drive customers onto digital channels. FNB's costs were very well controlled at +3% and its improved credit performance was underpinned by successful collection efforts across all product portfolios.

Jacques continues to drive FNB's platform strategy and its ecosystem offering is scaling strongly. Digitally active customers grew to over 6 million and the banking app transacting base exceeded 4 million. Purchases and execution on platform such as electricity and mobile amounted to R17.2 billion.

In terms of ESG topics, Jacques has been particularly focused on improving customer service outcomes. FNB is a leader in financial inclusion offerings, demonstrated by the success of the eWallet platform and accessibility on its digital interfaces.

2021 STI FOR JACQUES

FY21 SCORECARD

SECTION	SECTION WEIGHTING	SECTION RATING	CATEGORY SCORE	CATEGORY WEIGHT	CATEGORY	
Financial	30%	5.0	5.0	10%	Group normalised earnings growth	FirstRand group financial performance
			5.0	10%	Group ROE	
			5.0	40%	FNB normalised PBT	FNB financial performance
			5.0	40%	FNB ROE	
Strategic	25%	3.9	4.0	15%	Growth in customers and cross-sell	Protect and grow banking businesses
			3.5	15%	Grow deposit franchise and advances	
			3.7	15%	Cost management	
			3.7	15%	Broaden financial services offering	
			4.0	15%	Build a platform-based financial services business	
			3.9	15%	Leverage rest of Africa portfolio	
			4.5	10%	Disciplined management of financial resources	
Risk and control	25%	3.7	3.7	20%	Control environment	
			3.5	25%	Market and business conduct	
			3.7	15%	Risk appetite and volatility	
			4.0	20%	Credit losses/impairments	
			3.4	20%	Operational, market and investment risks	
ESG	20%	3.5	3.6	15%	Ensuring the health of organisational culture and good corporate governance	
			3.5	25%	Health of key relationships	
			3.0	15%	Shared value	
			3.7	15%	Climate	
			3.7	15%	Transformation	
			3.2	15%	Talent management and succession planning	
Overall rating	100%	4				

Based on the 2021 STI scorecard, Remco assessed Jacques's overall performance as 4, being "performance and delivery expectations exceeded". The rating implication for the STI outcome is that there is an increase in bonus compared to prior year. This increase considers individual performance, segment STI pool growth and STI ranges per rating band, and referenced 2019 STI.

Remco set a key performance measure to restore 2019 earnings. Given that the group has not yet reached this level, Jacques's STI for 2021 was struck at the lower end of the range, growing 33% (after falling 36% in 2020). His 2021 STI represents 94% of his 2019 STI.

As detailed in the prior year remuneration report, Jacques's guaranteed pay did not increase given the June 2020 performance. The LTI award in September 2020 did increase 3.8% in line with overall inflationary pool growth. These outcomes are detailed below:

R thousand	2021	2020	% change
Guaranteed package	**8 085**	8 053	0%
STI	**13 700**	10 300	33%
Cash payment*	**5 450**	–	
Cash deferred	**2 400**	6 150	
Share-linked	**5 850**	4 150	
LTI award**	**16 100**	15 515	4%
Total	**37 885**	33 868	12%

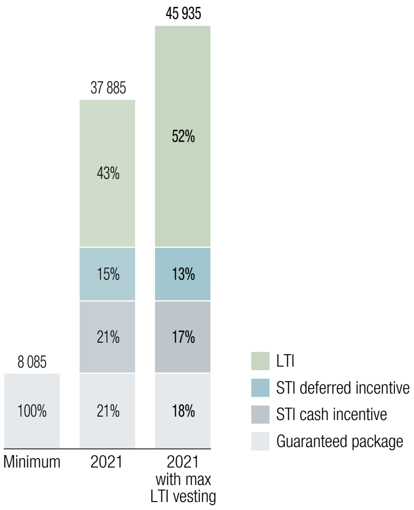
* *In 2020, the full cash component was deferred for a year, in line with PA guidance.*

** *LTI award values at award date (September 2019 and 2020).*

The following graph provides an illustration of the remuneration outcome relative to 2021 should maximum vesting on the LTI occur in three years. It also provides the mix of the current year remuneration.

PO R&C

%



Numbers are shown in R'000.

Awards for 2022 – outcome of annual salary review in August 2021

Remco was of the view that the total reward was correctly benchmarked for the role.

> There will be a 2% increase in guaranteed package for the 2022 year in line with other executives.

> An LTI of R16.7 million that could vest in 2024 if performance conditions are met represents an increase of 3.5%, in line with the pool growth for all eligible employees.

Vesting outcomes in 2022

The LTI of R14.5 million awarded in 2018, which was due to vest in September 2021, has lapsed. As such, the first tranche of the Covid-19 retention instrument of R5 million will vest in September 2021. The full value of the tranche will be clawed back if the performance conditions are not met. Refer to page 27 for award performance conditions.

RMB CEO and CEO of corporate and institutional segment

JAMES FORMBY

James Formby is CEO of RMB and the corporate and institutional segment.

James demonstrated highly effective leadership as RMB successfully navigated another year characterised by challenging macroeconomic environments in all the jurisdictions it operates in. Under his stewardship RMB has capitalised on the economic rebound taking place. It also endorses the decision taken to implement key financial resource management principles in the business to ensure superior returns are delivered. RMB continued to exercise a disciplined approach to capital and funding allocation. Testament to this is the strong rebound in RMB's ROE, whilst it maintained healthy balance sheet provisioning.

RMB's performance was the result of ongoing execution on its strategy to be an integrated corporate and investment bank with compelling propositions for corporate and institutional clients. Many of RMB's strategic ambitions showed continued good progress in the year under review. In particular its rest of Africa business, which is key to RMB's long-term growth. The portfolio delivered a strong performance driven by good transactional volume growth due to new client acquisition and resilient growth of the deposit franchise.

RMB's domestic business performance was mainly underpinned by an excellent performance from markets and realisations in the private equity and principal investments portfolio.

James is a strong advocate of ESG topics, which is captured in RMB's strategic intent "Better Business for a Better World". During the year RMB recruited a new sustainable finance team to assist in providing clients with ESG solutions. The bank issued a number of sustainability-linked bonds and loans in the year under review.

2021 STI FOR JAMES

FY21 SCORECARD

SECTION	SECTION WEIGHTING	SECTION RATING	CATEGORY SCORE	CATEGORY WEIGHT	CATEGORY	
Financial	30%	5.0	5.0	10%	Group normalised earnings growth	FirstRand group financial performance
			5.0	10%	Group ROE	
			5.0	40%	RMB normalised PBT	RMB financial performance
			5.0	40%	RMB ROE	
Strategic	25%	3.7	4.0	15%	Growth in customers and cross-sell	Protect and grow banking businesses
			3.5	15%	Grow deposit franchise and advances	
			3.0	15%	Cost management	
			3.5	10%	Broaden financial services offering	
			4.0	15%	Build a platform-based financial services business	
			3.7	15%	Leverage rest of Africa portfolio	
			4.1	15%	Disciplined management of financial resources	
Risk and control	25%	3.7	3.7	20%	Control environment	
			4.0	20%	Market and business conduct	
			3.7	15%	Risk appetite and volatility	
			4.0	20%	Credit losses/impairments	
			3.2	25%	Operational, market and investment risks	
ESG	20%	3.5	3.6	15%	Ensuring the health of organisational culture and good corporate governance	
			4.0	25%	Health of key relationships	
			3.0	15%	Shared value	
			3.9	15%	Climate	
			3.0	15%	Transformation	
			3.4	15%	Talent management and succession planning	
Overall rating	100%	4				

Based on the 2021 STI scorecard, Remco assessed James's overall performance as 4, being "performance and delivery expectations exceeded". The rating implication for the STI outcome is that there is an increase in bonus compared to prior year.

James's STI growth continues to reflect the mix adjustments that Remco embarked upon in 2020, specifically upwardly adjusted guaranteed packages and LTIs with a corresponding reduction in STIs.

Remco set a key performance measure to restore 2019 earnings. Given that the group has not yet reached this level, James's STI for 2021 was struck at the lower end of the range and increased 19% (after decreasing 45% in 2020). James's STI represents 73% of his 2019 STI. His STI will not proportionately resume to 2019 levels due to mix changes towards a higher weighting for GP and LTI.

As detailed in the prior year remuneration report, Remco conducted an in-depth review of the remuneration mix in RMB, and where appropriate, upwardly adjusted guaranteed packages and LTIs with a corresponding reduction in STIs. This was to align to market practice whilst maintaining the pay for performance culture that has served the business well in the past. Consequently, in 2020, James's GP and LTI increased by 35% and 34% respectively. These outcomes are detailed below:

R thousand	**2021**	2020	% change
Guaranteed package	**6 604**	4 908	35%
STI	**17 550**	14 750	19%
Cash payment*	**6 733**	–	
Cash deferred	**3 042**	8 375	
Share-linked	**7 775**	6 375	
LTI award**	**12 150**	9 100	34%
Total	**36 304**	28 758	26%

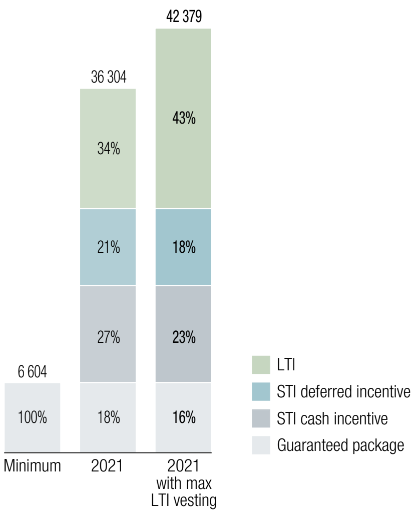
* *In 2020, the full cash component was deferred for a year, in line with PA guidance.*

** *LTI award values at award date. (September 2019 and 2020).*

The following graph provides an illustration of the remuneration outcome relative to 2021 should maximum vesting on the LTI occur in three years. It also provides the mix of the current year remuneration.

PO C&I

%



Numbers are shown in R'000.

Awards for 2022 – outcome of annual salary review in August 2021

Remco was of the view that his total reward was correctly benchmarked for the role.

In addition to James's lower STI growth in 2021, his remuneration mix is further adjusted as follows:

> There will be a 5% increase in guaranteed package for the 2022 year.

> An LTI of R13 million that could vest in 2024 if performance conditions are met, represents an increase of 7%.

Vesting outcomes in 2022

The LTI of R8.3 million awarded in 2018, which was due to vest in September 2021, has lapsed. As such, the first tranche of the Covid-19 retention instrument of R2.9 million will vest in September 2021. The full value of the tranche will be clawed back if the performance conditions are not met. Refer to page 27 for award performance conditions.

STEVEN COOPER

Steven joined Aldermore as CEO from 1 May 2021, spending only two months in the role during the 2021 financial year. His guaranteed package and STI have been pro-rated for these two months.

The Aldermore Remco recommended an STI of £97 000 to reflect the time during the financial year that Steven has been in the post and his role in the smooth transition from Phillip, calculated based on 72% of the maximum possible pool outcome. His STI is 68% of his salary within an STI cap equating to 125% of his salary.

Steven received a cash buyout award of £997 000 on joining the group. It reflects the short-term bonus he forfeited on resignation from his previous employer. This award is subject to FirstRand's malus and clawback policy. If clawback is invoked, the amount will be repayable by him as follows: 100% of the cash award if employment is terminated in the first 12 months of joining Aldermore and 50% is repayable if employment is terminated after 12 but before 24 months of joining Aldermore. This clawback period is akin to a typical deferral period of up to 24 months.

Furthermore, if guilty of misconduct, any regulatory breach and/or any material risk failings, Remco has the right to require him to repay part or all of this award.

£ *thousand*	**2021**
Guaranteed package	**155**
STI	**97**
Cash payment	**65**
Cash deferred	**–**
Share-linked	**32**
LTI award	**–**
Total	**252**
Buy-out award paid in cash	**997**

Awards for 2022

> An LTI of £985 000 was awarded in September 2021 that could vest in 2024 if performance conditions are met.

PHILLIP MONKS

Phillip retired as Aldermore CEO effective 30 April 2021, serving for 10 months of the financial year.

The Aldermore Remco recommended an STI of £512 000, which equates to two-thirds of Phillip's maximum opportunity pro-rated for the period served. This reflects that Phillip has successfully led the business through the pandemic whilst delivering a better than projected PBT. It is also noted that Phillip ensured that a thorough transition framework was provided to support the induction and onboarding of the new CEO. Consideration was given to a risk event that occurred during the year, and as such the recommended award is lower than the 72% of the maximum possible pool outcome. Phillip's STI of £512 000 is 59% of his salary, within his cap of 125% and is up from the prior year, when it was nil.

£ thousand	**2021**	2020	% change
Guaranteed package	**930**	903	3%
STI	**512**	–	100%
Cash payment	**512**	–	
Cash deferred	**–**	–	
Share-linked	**–**	–	
LTI award	**689**	649	6%
Total	**2 131**	1 552	37%

Vesting outcomes in 2022

The LTI of £633 000 awarded in 2018, which was due to vest in September 2021, has lapsed as performance conditions were not achieved. As such, the first tranche of the Covid-19 retention instrument of £230 000 will vest in September 2021. The Covid-19 award performance conditions applicable to the South African prescribed officers do not apply to Phillip as a retiree.

Given that Phillip retired, in line with the scheme rules and pre-approvals from Aldermore Remco, Phillip's deferred STI and in-flight LTI awards allocated in prior years will be paid out in full to him on the vesting date, and if corporate performance conditions are met for the LTIs.

remuneration tables

Single figure

Cash package, retirement contributions and other allowances reflect what was paid to the prescribed officers during the year ended 30 June 2021, with the FirstRand annual remuneration cycle running from 1 August to 31 July.

The following analysis provides two amounts per individual to accommodate the King IV alternative single-figure view. For King IV single-figure reporting, the value presented is the LTI settled in the financial year at original award value. As part of the reporting transition, both views have been provided.

ITEM	EXPLANATION
Cash package paid during the year	Salary
Retirement contributions paid during the year	Contributions to retirement savings
Other allowances	Medical aid, disability cover, life cover, dread disease cover
Performance-related STI: Cash	Variable compensation (STI) paid in cash in respect of the year ended June is paid in three tranches during the following year ending on 30 June, i.e. August, December and June (with interest on the deferred payments).
Performance-related STI: Share-linked deferred over three years	A portion of variable compensation (STI) is deferred as share-linked awards and vests after two years, based on continued employment and good standing. Referred to as the BCIP (bonus conditional incentive plan).
Reporting approach in prior years: **Long-term conditional share-linked incentive plan** **Value of LTI allocated during the year**	Long-term incentive awards are made annually under the CIP and vesting is dependent on certain corporate performance targets being met on a cumulative basis over three years. Refer to note ●● in the annual financial statements. The value presented in the table is the LTI award allocated during the financial year reflecting award value at grant date.
King IV reporting approach: **Long-term conditional share-linked incentive plan** **Value of LTI settled during the year**	The value presented in the table is the LTI award settled during the financial year, at original award value. The value in the table is shown as the original award value at grant date and not settlement value. The economic risk of share price fluctuation is borne by the employee as FirstRand hedges the risk. As such the group does not incur additional costs above the award value at grant date and FirstRand shareholders are not diluted. If a person is a prescribed officer when the LTI award is settled, it is disclosed in the single-figure table in the financial year of settlement.
Covid-19 retention award	The Covid-19 retention instrument was awarded in September 2020. The award is linked to the FirstRand share price and vests in three equal proportions (tranches) over the next three years (September 2021, 2022 and 2023), if performance conditions are met. In September 2021 the first Covid-19 tranche will vest as the 2018 LTI award has failed. In 2022 in the event that the 2019 LTI awards vests, the higher of the Covid-19 instrument vesting tranche or the outstanding LTI awards will vest (not both).

Executive directors' and prescribed officers' emoluments

R thousand	2021*	2020*	2019	2018	2017
AP Pullinger (group CEO)[1]					
Cash package paid during the year	**8 995**	8 971	8 493	7 050	6 719
Retirement contributions paid during the year	**177**	179	167	139	132
Other allowances	**278**	264	205	164	150
Guaranteed package	**9 450**	9 414	8 865	7 353	7 000
Performance-related STI:					
Cash	**7 031**	5 825	12 200	12 200	11 600
– Within 6 months[2]	**4 905**	–	8 350	8 350	7 950
– Within 1 year	**2 126**	5 825	3 850	3 850	3 650
Share-linked – deferred 2 and 3 years (BCIP)[3]	**5 032**	3 825	10 200	10 200	9 600
Variable pay	**12 063**	9 650	22 400	22 400	21 200
Total guaranteed and variable pay	**21 513**	19 064	31 265	29 753	28 200
Value of LTI awards allocated during the financial year under the CIP[4]	**24 000**	20 046	18 500	15 550	14 630
Total reward including LTIs	**45 513**	39 110	49 765	45 303	42 830
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**19 273**	–	–	–	–
Single-figure reporting					
Total guaranteed and variable pay	**21 513**	19 064	31 265	29 753	28 200
Value of LTI awards settled during the financial year under the CIP[6]	**–**	14 630	10 000	9 250	7 500
Total reward including LTIs (single figure)	**21 513**	33 694	41 265	39 003	35 700
M Vilakazi (group COO)[1]					
Cash package paid during the year	**6 849**	6 816	6 468	–	–
Retirement contributions paid during the year	**124**	132	125	–	–
Other allowances	**182**	173	157	–	–
Guaranteed package	**7 155**	7 121	6 750	–	–
Performance-related STI:					
Cash	**5 325**	4 025	5 875	–	–
– Within 6 months[2]	**3 767**	–	4 133	–	–
– Within 1 year	**1 558**	4 025	1 742	–	–
Share-linked – deferred 2 and 3 years (BCIP)[3]	**3 325**	2 025	3 875	–	–
Variable pay	**8 650**	6 050	9 750	–	–
Total guaranteed and variable pay	**15 805**	13 171	16 500	–	–
Value of LTI awards allocated during the financial year under the CIP[4]	**11 184**	10 775	8 500	–	–
Total reward including LTIs	**26 989**	23 946	25 000	–	–
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**16 638**	–	–	–	–
Appointment award					
Buy-out cash bonus	**–**	–	**7 500**	–	–
Buy-out LTI award	**–**	–	**14 000**	–	–
Total appointment award	**–**	–	**21 500**	–	–
Single-figure reporting					
Total guaranteed and variable pay	**15 805**	13 171	16 500	–	–
Buy-out cash bonus	**–**	–	7 500	–	–
Value of LTI awards settled during the financial year under the CIP[6]	**–**	–	–	–	–
Total reward including LTIs (single figure)	**15 805**	13 171	24 000	–	–

Refer to footnotes on page 60.

* *As extracted from the audited consolidated financial statement for the year ended 30 June 2021.*

R thousand	2021*	2020*	2019	2018	2017
HS Kellan (group financial director)[1]					
Cash package paid during the year	**7 548**	7 526	7 175	6 727	5 830
Retirement contributions paid during the year	**61**	61	54	51	40
Other allowances	**182**	173	156	143	130
Guaranteed package	**7 791**	7 760	7 385	6 921	6 000
Performance-related STI:					
Cash	**5 750**	4 300	6 167	6 000	5 250
– Within 6 months[2]	**4 050**	–	4 328	4 217	3 717
– Within 1 year	**1 700**	4 300	1 839	1 783	1 533
Share-linked – deferred 2 and 3 years (BCIP)[3]	**3 750**	2 300	4 167	4 000	3 250
Variable pay	**9 500**	6 600	10 334	10 000	8 500
Total guaranteed and variable pay	**17 291**	14 360	17 719	16 921	14 500
Value of LTI awards allocated during the financial year under the CIP[4]	**13 950**	13 440	12 000	9 500	8 600
Total reward including LTIs	**31 241**	27 800	29 719	26 421	23 100
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**12 720**	–	–	–	–
Single-figure reporting					
Total guaranteed and variable pay	**17 291**	14 360	17 719	16 921	14 500
Value of LTI awards settled during the financial year under the CIP[6]	**–**	8 600	7 000	5 500	5 000
Total reward including LTI (single figure)	**17 291**	22 960	24 719	22 421	19 500
J Celliers (CEO FNB)[1]					
Cash package paid during the year	**7 765**	7 742	7 364	6 830	6 505
Retirement contributions paid during the year	**138**	138	131	122	116
Other allowances	**182**	173	156	143	130
Guaranteed package	**8 085**	8 053	7 651	7 095	6 751
Performance-related STI:					
Cash	**7 850**	6 150	8 287	8 000	7 000
– Within 6 months[2]	**5 450**	–	5 741	5 550	4 883
– Within 1 year	**2 400**	6 150	2 546	2 450	2 117
Share-linked – deferred 2 and 3 years (BCIP)[3]	**5 850**	4 150	6 287	6 000	5 000
Variable pay	**13 700**	10 300	14 574	14 000	12 000
Total guaranteed and variable pay	**21 785**	18 353	22 225	21 095	18 751
Value of LTI awards allocated during the financial year under the CIP[4]	**16 100**	15 515	14 500	12 850	11 943
Total reward including LTIs	**37 885**	33 868	36 725	33 945	30 694
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**15 008**	–	–	–	–
Single-figure reporting					
Total guaranteed and variable pay	**21 785**	18 353	22 225	21 095	18 751
Value of LTI awards settled during the financial year under the CIP[6]	**–**	11 943	10 000	8 200	7 000
Total reward including LTI (single figure)	**21 785**	30 296	32 225	29 295	25 751

Refer to footnotes on page 60.

* *As extracted from the audited consolidated financial statement for the year ended 30 June 2021.*

R thousand	2021*	2020*	2019	2018	2017
J Formby (CEO RMB)[1]					
Cash package paid during the year	**6 281**	4 644	3 607	3 174	3 013
Retirement contributions paid during the year	**98**	74	60	55	52
Other allowances	**225**	190	194	189	176
Guaranteed package	**6 604**	4 908	3 861	3 418	3 241
Performance-related STI:					
Cash	**9 775**	8 375	13 000	13 000	12 250
– Within 6 months[2]	**6 733**	–	8 883	8 883	8 383
– Within 1 year	**3 042**	8 375	4 117	4 117	3 867
Share-linked – deferred 2 and 3 years (BCIP)[3]	**7 775**	6 375	11 000	11 000	10 250
Variable pay	**17 550**	14 750	24 000	24 000	22 500
Total guaranteed and variable pay	**24 154**	19 658	27 861	27 418	25 741
Value of LTI awards allocated during the financial year under the CIP[4]	**12 150**	9 100	8 300	7 900	7 500
Total reward including LTIs	**36 304**	28 758	36 161	35 318	33 241
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**8 700**	–	–	–	–
Single-figure reporting					
Total guaranteed and variable pay	**24 154**	19 658	27 861	27 418	25 741
Value of LTI awards settled during the financial year under the CIP[6]	**–**	7 500	5 000	2 900	2 865
Total reward including LTIs (single figure)	**24 154**	27 158	32 861	30 318	28 606
C de Kock (CEO WesBank)[1,16]					
Cash package paid during the year	**–**	5 331	5 046	4 764	4 532
Retirement contributions paid during the year	**–**	43	39	39	35
Other allowances	**–**	169	190	175	136
Guaranteed package	**–**	5 543	5 275	4 978	4 703
Performance-related STI:					
Cash	**–**	3 062	4 750	4 750	5 250
– Within 6 months[2]	**–**	–	3 383	3 383	3 717
– Within 1 year	**–**	3 062	1 367	1 367	1 533
Share-linked – deferred 2 and 3 years (BCIP)[3]	**–**	1 063	2 750	2 750	3 250
Variable pay	**–**	4 125	7 500	7 500	8 500
Total guaranteed and variable pay	**–**	9 668	12 775	12 478	13 203
Value of LTI awards allocated during the financial year under the CIP[4]	**–**	10 435	9 844	9 844	9 200
Total reward including LTIs	**–**	20 103	22 619	22 322	22 403
Single-figure reporting					
Total guaranteed and variable pay	**–**	9 668	12 775	12 478	13 203
Value of LTI awards settled during the financial year under the CIP[5]	**–**	9 200	7 500	7 000	6 500
Total reward including LTIs (single figure)	**–**	18 868	20 275	19 478	19 703

Refer to footnotes on page 60.

* *As extracted from the audited consolidated financial statement for the year ended 30 June 2021.*

£ thousand	**2021***	2020*	2019	2018	2017
P Monks[1,7]					
Cash package paid during the year	**861**	831	754	–	–
Retirement contributions paid during the year	**49**	48	43	–	–
Other allowances	**20**	24	18	–	–
Guaranteed package	**930**	903	815	–	–
Performance-related STI:					
Cash	**512**	–	382	–	–
– Within 6 months[11]	**512**	–	382	–	–
– Within 1 year	**–**	–	–	–	–
Share-linked – deferred over 3 years[11]	**–**	–	188	–	–
Variable pay	**512**	–	570	–	–
Total guaranteed and variable pay	**1 442**	903	1 385	–	–
Value of LTI awards allocated during the financial year under the CIP[4,13]	**689**	649	633	–	–
Total reward including LTIs	**2 131**	1 552	2 018	–	–
Value of LTI awards allocated during the financial year under the Covid-19 scheme[5]	**689**	–	–	–	–
Single-figure reporting					
Total guaranteed and variable pay	**1 442**	903	1 385	–	–
Pre-acquisition cash deferral settled during the financial year[12]	**198**	679	296	–	–
Total reward including LTIs (single figure)	**1 640**	1 582	1 681	–	–
S Cooper[1,7]					
Cash package paid during the year	**143**	–	–	–	–
Retirement contributions paid during the year	**10**	–	–	–	–
Other allowances	**2**	–	–	–	–
Guaranteed package	**155**	–	–	–	–
Performance-related STI:					
Cash	**65**	–	–	–	–
– Within 6 months[9]	**65**	–	–	–	–
– Within 1 year	**–**	–	–	–	–
Share-linked – deferred over 3 years[10]	**32**	–	–	–	–
Variable pay	**97**	–	–	–	–
Total guaranteed and variable pay	**252**	–	–	–	–
Value of LTI awards allocated during the financial year under the CIP[4,13]	**–**	–	–	–	–
Total reward including LTIs	**252**	–	–	–	–
Buy-out award paid in cash[8]	**997**		—	–	–
Single-figure reporting					
Total guaranteed and variable pay	**252**	–	–	–	–
Value of LTI awards settled during the financial year under the CIP[6]	**–**	–	–	–	–
Total reward including LTIs (single figure)	**252**	–	–	–	–

Refer to footnotes on page 60.

* *As extracted from the audited consolidated financial statement for the year ended 30 June 2021.*

R thousand	2021*	2020*	2019	2018	2018
JP Burger[1,14]					
Cash package paid during the year	–	–	1 645	9 836	9 328
Retirement contributions paid during the year	–	–	28	166	158
Other allowances	–	–	39	228	254
Guaranteed package	–	–	1 712	10 230	9 740
Performance-related STI:					
Cash	–	–	-	14 674	13 900
– Within 6 months[2]	–	–	-	9 999	9 483
– Within 1 year	–	–	-	4 675	4 417
Share-linked – deferred 2 years (BCIP)[3]	–	–		12 674	11 900
Variable pay	–	–	-	27 348	25 800
Total guaranteed and variable pay	–	–	1 712	37 578	35 540
Value of LTI awards allocated during the financial year under the CIP[4]	–	–	-	19 500	18 350
Total reward including LTIs	–	–	1 712	57 078	53 890
Single-figure reporting					
Total guaranteed and variable pay	–	–	1 712	37 578	35 540
Value of LTI awards settled during the financial year under the CIP[6]	–	18 350	15 630	11 800	10 800
Retiree *ex gratia* payment[15]	**6 454**	–			
Total reward including LTIs (single figure)	**6 454**	18 350	17 342	49 378	46 340

1. FirstRand defines its prescribed officers as the group's executive directors and the CEOs of the group's Retail and Commercial and Corporate and Institutional segments and CEO of the Aldermore group. These officers are members of the group strategic executive committee and attend board meetings. This definition changed from prior years as it now excludes the WesBank CEO. WesBank is a product house within the Retail and Commercial segment.

2. Variable compensation (STI) paid in cash in respect of the year ended June is paid in three tranches during the following year ending on 30 June, i.e. August, December and June (with interest on the deferred payments). The prior year STI cash component was fully deferred for all material risk takers and paid in one tranche in June 2021, in accordance with 2020 Prudential Authority guidance.

3. A portion of variable compensation is deferred as share-linked awards and vests after two years (after three years for the 2019 and 2020 STI).

4. Long-term incentive awards are made annually under the CIP and vesting is subject to performance conditions and targets on a cumulative basis over three years. The value presented in the table is the LTI allocated in the financial year and is reflected at award value at grant date. Refer to note 26.

5. The Covid-19 retention instrument was awarded in September 2020. The award is linked to the FirstRand share price and vests in three equal proportions (tranches) over the next three years (September 2021, 2022 and 2023), if performance conditions are met. In September 2021 the first Covid-19 tranche will vest as the 2018 LTI award has failed. In 2022 in the event that the 2019 LTI awards vests, the higher of the Covid-19 instrument vesting tranche or the outstanding LTI awards will vest (not both).

6. For King IV single-figure reporting, the value presented in the table is the LTI vested and settled in the financial year at original award value, or zero if conditions not met and awards are forfeited.

7. Phillip Monks retired as Aldermore CEO effective April 2021 and Steven Cooper became Aldermore CEO effective May 2021.

8. A buy-out bonus was paid in cash to Steven Cooper to compensate his forfeited incentives from his previous employer.

9. The Aldermore performance-related STI cash component is paid in full in August.

10. The Aldermore performance-related STI share-linked component is released in equal annual tranches over three years from grant date.

11. Phillip Monks's full STI, cash and deferred share-linked component was paid as a lump sum on retirement.

12. Aldermore pre-acquisition cash award deferred and settled in the financial year.

13. Aldermore LTIP allocated amount is the on-target value assumed at 95% of maximum (67% in prior years).

14. JP Burger became a non-executive director effective 1 September 2018. This disclosure shows the payment of LTI-linked awards allocated to him when he was an executive director.

15. Due to the failure of the 2017 LTIs and in recognition of retirees' historical contribution to the success of the business, retirees with outstanding LTIs were awarded an ex gratia payment. These payments were approximately 50% of the 2017 LTI awarded value, adjusted for the decline in share price.

16. Chris de Kock was no longer a prescribed officer effective 1 July 2020, therefore the disclosure is not applicable for the current year.

** As extracted from the audited consolidated financial statement for the year ended 30 June 2021.*

Outstanding incentives

The outstanding incentive disclosure has been prepared in the format required by King IV. King IV reporting requires the number of units of outstanding incentive schemes, the value of outstanding incentive schemes and value on settlement.

The following table summarises the basis of preparation of the remuneration tables:

<table>
<tr><th>ITEM</th><th colspan="2">EXPLANATION</th></tr>
<tr><td rowspan="2">Settlement value</td><td colspan="2">Settlement value is the actual amount paid during the year.</td></tr>
<tr><td>For the deferred share-linked STI awards this includes:
> growth in share price; and
> interest earned.</td><td>For the LTI awards this includes:
> growth in share price.</td></tr>
<tr><td>Deferred share-linked STI award (BCIP)</td><td colspan="2">Reflected in the year accrued for past performance. Vesting occurs over two years based on continued employment and good standing.</td></tr>
<tr><td>LTI awards under the CIP</td><td colspan="2">Reflected in the year allocated, i.e. allocation occurs in September each year and is disclosed in the outstanding incentive table in the corresponding financial year. The LTI award is a long-term retention incentive for future performance and vesting is dependent on certain corporate performance targets being met on a cumulative basis over three years.</td></tr>
<tr><td>Unvested awards at year end</td><td colspan="2">Deferred share-linked STI
Deferred share-linked STI vesting depends on continued employment over three years.
LTIs
FirstRand does not apply graded vesting to LTI awards allocated before September 2019, with awards thereafter having graded vesting. For these incentive schemes, LTI vesting depends on performance conditions and targets being met on a cumulative basis over three years. The group does not apply a probability of vesting to the unvested awards and the assumption is 100% vesting up until the final remuneration committee decision, given the current environment and uncertainty in quantifying the probability of vesting.
For information purposes, the maximum possible value of the unvested awards as at June 2021 is the market value of the total number of shares at R53.59 per share on the last trading day of the financial year (30 June 2021).
Covid retention instrument
The Covid-19 retention instrument was awarded in September 2020. The award is linked to the FirstRand share price and vests in three equal proportions (tranches) over the next three years (September 2021, 2022 and 2023), if performance conditions are met. In September 2021 the first Covid-19 tranche will vest as the 2018 LTI award has failed. In 2022 in the event that the 2019 LTI awards vest, the higher of the Covid-19 instrument vesting tranche or the outstanding LTI awards will vest (not both).</td></tr>
<tr><td>Unpaid cash tranches</td><td colspan="2">The cash award to be paid within the next 12 months has not been included in the outstanding incentive table.</td></tr>
</table>

Outstanding incentives (audited)

	Issue date	Value at grant date R thousand	Settlement date
AP Pullinger			
Deferred share-linked STI awards			
2018 (2-year deferral)	September 2018	10 200	September 2020
2019 (2-year deferral)	September 2019	5 100	September 2021
2019 (3-year deferral)	September 2019	5 100	September 2022
2020 (2-year deferral)	September 2020	1 912	September 2022
2020 (3-year deferral)	September 2020	1 913	September 2023
2021 (2-year deferral)	September 2021	5 032	September 2023
Balance deferred share-linked STIs		29 257	
LTI awards under the CIP[5,6]			
2017	September 2017	15 550	September 2020
2018	September 2018	18 500	September 2021
2019	September 2019	20 046	September 2022
2020	September 2020	24 000	September 2023
Balance LTIs		78 096	
LTI awards under the Covid-19 scheme[7]			
2020	September 2020	6 424	September 2021
2020	September 2020	6 424	September 2022
2020	September 2020	6 425	September 2023
Balance Covid-19 award		19 273	
M Vilakazi			
Deferred share-linked STI awards			
2019 (2-year deferral)	September 2019	1 937	September 2021
2019 (3-year deferral)	September 2019	1 938	September 2022
2020 (2-year deferral)	September 2020	1 012	September 2022
2020 (3-year deferral)	September 2020	1 013	September 2023
2021 (2-year deferral)	September 2021	3 325	September 2023
Balance deferred share-linked STIs		9 225	
LTI awards under the CIP[5,6]			
2018 (buyout award)	September 2018	14 000	September 2020
2018 (annual allocation)	September 2018	8 500	September 2021
2019	September 2019	10 775	September 2022
2020	September 2020	11 184	September 2023
Balance LTIs		44 459	
LTI awards under the Covid-19 scheme[7]			
2020	September 2020	5 546	September 2021
2020	September 2020	5 546	September 2022
2020	September 2020	5 546	September 2023
Balance Covid-19 award		16 638	

Refer to footnotes on page 70

Units						
Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	No longer meets definition	Closing number of awards[2,3] 30 Jun 2021	Value on settlement in 2021[4] R thousand
153 103	–	(153 103)	–	–	–	7 297
78 221	–	–	–	–	78 221	–
78 221	–	–	–	–	78 221	–
48 738	–	–	–	–	48 738	–
48 738	–	–	–	–	48 738	–
–	–	–	–	–	–	–
407 021	–	(153 103)	–	–	253 918	7 297
289 410	–	–	(289 410)	–	–	–
277 688	–	–	(277 688)	–	–	–
307 455	–	–	–	–	307 455	–
–	611 621	–	–	–	611 621	–
874 553	611 621	–	(567 098)	–	919 076	–
–	163 719	–	–	–	163 719	–
–	163 719	–	–	–	163 719	–
–	163 719	–	–	–	163 719	–
–	491 157	–	–	–	491 157	–
29 716	–	–	–	–	29 716	–
29 716	–	–	–	–	29 716	–
25 802	–	–	–	–	25 802	–
25 802	–	–	–	–	25 802	–
–	–	–	–	–	–	–
111 036	–	–	–	–	111 036	–
210 142	–	–	(210 142)	–	–	–
127 586	–	–	(127 586)	–	–	–
165 261	–	–	–	–	165 261	–
–	285 015	–	–	–	285 015	–
502 989	285 015	–	(337 728)	–	450 276	–
–	141 331	–	–	–	141 331	–
–	141 331	–	–	–	141 331	–
–	141 331	–	–	–	141 331	–
–	423 993	–	–	–	423 993	–

Outstanding incentives (audited)

	Issue date	Value at grant date R thousand	Settlement date	
HS Kellan				
Deferred share-linked STI awards				
2018 (2-year deferral)	September 2018	4 000	September 2020	
2019 (2-year deferral)	September 2019	2 083	September 2021	
2019 (3-year deferral)	September 2019	2 084	September 2022	
2020 (2-year deferral)	September 2020	1 150	September 2022	
2020 (3-year deferral)	September 2020	1 150	September 2023	
2021 (2-year deferral)	September 2021	3 750	September 2023	
Balance deferred share-linked STIs		14 217		
LTI awards under the CIP[5,6]				
2017	September 2017	9 500	September 2020	
2018	September 2018	12 000	September 2021	
2019	September 2019	13 440	September 2022	
2020	September 2020	13 950	September 2023	
Balance LTIs		48 890		
LTI awards under the Covid-19 scheme[7]				
2020	September 2020	4 240	September 2021	
2020	September 2020	4 240	September 2022	
2020	September 2020	4 240	September 2023	
Balance Covid-19 award		12 720		
J Celliers				
Deferred share-linked STI awards				
2018 (2-year deferral)	September 2018	6 000	September 2020	
2019 (2-year deferral)	September 2019	3 143	September 2021	
2019 (3-year deferral)	September 2019	3 144	September 2022	
2020 (2-year deferral)	September 2020	2 075	September 2022	
2020 (3-year deferral)	September 2020	2 075	September 2023	
2021 (2-year deferral)	September 2021	5 850	September 2023	
Balance deferred share-linked STIs		22 287		
LTI awards under the CIP[5,6]				
2017	September 2017	12 850	September 2020	
2018	September 2018	14 500	September 2021	
2019	September 2019	15 515	September 2022	
2020	September 2020	16 100	September 2023	
Balance LTIs		58 965		
LTI awards under the Covid-19 scheme[7]				
2020	September 2020	5 003	September 2021	
2020	September 2020	5 003	September 2022	
2020	September 2020	5 002	September 2023	
Balance Covid-19 award		15 008		

Refer to footnotes on page 70.

Units						
Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	No longer meets definition	Closing number of awards[2,3] 30 Jun 2021	Value on settlement in 2021[4] R thousand
60 041	–	(60 041)	–	–	–	2 862
31 959	–	–	–	–	31 959	–
31 959	–	–	–	–	31 959	–
29 306	–	–	–	–	29 306	–
29 306	–	–	–	–	29 306	–
–	–	–	–	–	–	–
182 571	–	(60 041)	–	–	122 530	2 862
176 809	–	–	(176 809)	–	–	–
180 122	–	–	(180 122)	–	–	–
206 136	–	–	–	–	206 136	–
–	355 530	–	–	–	355 530	–
563 067	355 530	–	(356 931)	–	561 666	–
–	108 053	–	–	–	108 053	–
–	108 053	–	–	–	108 053	–
–	108 053	–	–	–	108 053	–
–	324 159	–	–	–	324 159	–
90 061	–	(90 061)	–	–	–	4 292
48 217	–	–	–	–	48 217	–
48 217	–	–	–	–	48 217	–
52 880	–	–	–	–	52 880	–
52 880	–	–	–	–	52 880	–
–	–	–	–	–	–	–
292 255	–	(90 061)	–	–	202 194	4 292
239 158	–	–	(239 158)	–	–	–
217 647	–	–	(217 647)	–	–	–
237 961	–	–	–	–	237 961	–
–	410 296	–	–	–	410 296	–
694 766	410 296	–	(456 805)	–	648 257	–
–	127 485	–	–	–	127 485	–
–	127 485	–	–	–	127 485	–
–	127 484	–	–	–	127 484	–
–	382 454	–	–	–	382 454	–

Outstanding incentives (audited)

	Issue date	Value at grant date R thousand	Settlement date
J Formby			
Deferred share-linked STI awards			
2018 (2-year deferral)	September 2018	11 000	September 2020
2019 (2-year deferral)	September 2019	5 500	September 2021
2019 (3-year deferral)	September 2019	5 500	September 2022
2020 (2-year deferral)	September 2020	3 187	September 2022
2020 (3-year deferral)	September 2020	3 188	September 2023
2021 (2-year deferral)	September 2021	7 775	September 2023
Balance deferred share-linked STIs		36 150	
LTI awards under the CIP[5,6]			
2017	September 2017	7 900	September 2020
2018	September 2018	8 300	September 2021
2019	September 2019	9 100	September 2022
2020	September 2020	12 150	September 2023
Balance LTIs		37 450	
LTI awards under the Covid-19 scheme[7]			
2020	September 2020	2 900	September 2021
2020	September 2020	2 900	September 2022
2020	September 2020	2 900	September 2023
Balance Covid-19 award		8 700	
P Monks (£ thousand)			
Deferred share-linked STI awards[8]			
2018 (2-year deferral)	September 2018	38	September 2020
2018 (3-year deferral)	September 2018	38	September 2021
2019 (1-year deferral)	September 2019	62	September 2020
2019 (2-year deferral)	September 2019	63	September 2021
2019 (3-year deferral)	September 2019	63	September 2022
2020 (1-, 2- and 3-year deferral)	September 2020	–	September 2021/2/3
2021 (1-, 2- and 3-year deferral)	September 2021	–	September 2022/3/4
Balance deferred share-linked STIs		264	
LTI awards under the CIP[5,6]			
2018	September 2018	633	September 2021
2019	September 2019	649	September 2022
2020	September 2020	689	September 2023
Balance LTIs		1 971	
LTI awards under the Covid-19 scheme[7]			
2020	September 2020	230	September 2021
2020	September 2020	230	September 2022
2020	September 2020	229	September 2023
Balance Covid-19 award		689	

Refer to footnotes on page 70.

Units[9]						
Opening balance	Awards made during year[1]	Number of awards settled in year	Number of awards forfeited in year	No longer meets definition	Closing number awards[2,3] 30 Jun 2021	Value on settlement in 2021[4] R thousand
165 112	–	(165 112)	–	–	–	7 869
84 356	–	–	–	–	84 356	–
84 356	–	–	–	–	84 356	–
81 230	–	–	–	–	81 230	–
81 230	–	–	–	–	81 230	–
–	–	–	–	–	–	–
496 284	–	(165 112)	–	–	331 172	7 869
147 031	–	–	(147 031)	–	–	–
124 584	–	–	(124 584)	–	–	–
139 571	–	–	–	–	139 571	–
309 633	–	–	–	–	309 633	–
720 819	–	–	(271 615)	–	449 204	–
–	73 904	–	–	–	73 904	–
–	73 904	–	–	–	73 904	–
–	73 905	–	–	–	73 905	–
–	221 713	–	–	–	221 713	–
–	–	–	–	–	–	22
–	–	–	–	–	–	–
–	–	–	–	–	–	38
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	60
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–

Outstanding incentives (audited)

	Issue date	Value at grant date R thousand	Settlement date	
S Cooper (£ thousand)				
Deferred share-linked STI awards[8]				
2021 (1-year deferral)	September 2021	11	September 2022	
2021 (2-year deferral)	September 2021	11	September 2023	
2021 (3-year deferral)	September 2021	10	September 2024	
Balance deferred share-linked STIs		32		
LTI awards under the CIP				
2020	September 2020	–	September 2023	
Balance LTIs		–		
JP Burger (R thousand)				
Deferred share-linked STI awards				
2018	September 2018	12 674	September 2020	
Balance deferred share-linked STIs		12 674		
LTI awards under the CIP				
2017	September 2017	19 500	September 2020	
Balance LTIs		19 500		
C de Kock[10]				
Deferred share-linked STI awards				
2018	September 2018	2 750	September 2020	
2019 (2-year deferral)	September 2019	1 375	September 2021	
2019 (3-year deferral)	September 2019	1 375	September 2022	
2020 (2-year deferral)	September 2020	531	September 2022	
2020 (3-year deferral)	September 2020	532	September 2023	
2021 (2-year deferral)	September 2021	–	September 2023	
Balance deferred share-linked STIs		6 563		
LTI awards under the CIP[5,6]				
2017	September 2017	9 844	September 2020	
2018	September 2018	9 844	September 2021	
2019	September 2019	10 435	September 2022	
2020	September 2020	–	September 2023	
Balance LTIs		30 123		

Refer to footnotes on page 70.

Units[9]						
Opening balance	Awards made during year[3]	Number of awards settled in year	Number of awards forfeited in year	No longer meets definition	Closing number of awards[2,3] 30 Jun 2021	Value on settlement in 2021[4] R thousand
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
190 329	–	(190 329)	–	–	–	9 067
190 329	–	(190 329)	–	–	–	9 067
362 925	–	–	(362 925)	–	–	–
362 925	–	–	(362 925)	–	–	–
41 278	–	–	–	(41 278)	–	–
21 089	–	–	–	(21 089)	–	–
21 089	–	–	–	(21 089)	–	–
–	–	–	–		–	–
–	–	–	–		–	–
–	–	–	–		–	–
83 456	–	–	–	(83 456)	–	–
183 212	–	–	–	(183 212)	–	–
147 760	–	–	–	(147 760)	–	–
160 041	–	–	–	(160 041)	–	–
–	–	–	–		–	–
491 013	–	–	–	(491 013)	–	–

1. *FirstRand share-linked schemes are determined on a monetary value and not on the number of shares. The deferred shared-linked STI awards' allocation is determined after year end, using the average three-day volume-weighted average price (VWAP) eight days after results announcement. Therefore the number of deferred shared-linked STI award units allocated in 2021 are only calculated after the annual financial statements are issued.*
2. *Deferred share-linked STI awards vesting depends on continued employment over two years. Previously for the executive directors and prescribed officers (2019 and 2020) vesting was split over two and three years equally.*
3. *FirstRand does not apply graded vesting to LTI awards allocated before September 2019, with awards thereafter having graded vesting. For these incentive schemes, LTI vesting depends on performance conditions and targets being met on a cumulative basis over three years. The group does not apply a probability of vesting to the unvested awards and the assumption is 100% vesting up until the final remuneration committee decision, given the current environment and uncertainty in quantifying the probability of vesting. For information purposes, the maximum possible value of the unvested awards as at June 2021 is the market value of the total number of shares at R53.59 per share on the last trading day of the financial year (30 June 2021).*
4. *The values at settlement date include share price growth and interest earned (deferred share-linked STI awards) from grant date.*
5. *The 2018 LTIs failed based on the performance conditions not being met on a cumulative three-year basis, up to 30 June 2021. As such the first tranche of the Covid-19 instrument will vest and be settled in September 2021, with the performance conditions being tested as at June 2022. Clawback could be applicable if the Covid-19 award performance conditions are not met.*
6. *Based on prevailing conditions, the vesting of the 2019 LTIs awards are at risk and if forfeited next year the second tranche of the Covid-19 award will vest in September 2022, with the performance conditions being tested as at June 2023. Clawback could be applicable if the Covid-19 award performance conditions are not met.*
7. *The Covid-19 retention instrument was awarded in September 2020. The value was converted to share-linked instruments on the award date and will vest in equal proportions (tranches) over the next three years (September 2021, 2022 and 2023) if the performance conditions are met. In the event that the 2018 and 2019 LTI awards do vest, only the higher of the Covid-19 instrument vesting tranche or the outstanding LTI awards will vest (not both).*
8. *The Aldermore performance-related STI share-linked component is released in equal annual tranches over three years from grant date.*
9. *Aldermore incentive awards are not convertible into units.*
10. *Chris de Kock was no longer a prescribed officer effective 1 July 2020. Therefore the disclosure is not applicable for the current year.*

Long-term executive management retention scheme

In addition to the group's existing long-term incentive plan, and in order to better align executive interest with those of the group's shareholders, the group introduced a long-term executive management retention scheme (LTEMRS) in December 2016. The scheme is a five-year scheme, where members of the group's strategic committee are eligible to participate, on a voluntary basis, by purchasing a predetermined fixed amount of participation awards. Participants paid an upfront cash deposit of ten per cent for their predetermined fixed amount of participation awards, with the balance being funded through a facilitated mechanism by the group. The fixed amount for each participant was converted into a number of participation awards, determined by the share price of R53.33, being the three-day volume weighted average price of the FirstRand share price at the date of award, being 15 December 2016.

The scheme and the funding mechanism ensure that participants have full risk and potential reward of their participation awards (downside risk and upside potential). Continued employment is a condition for vesting of the cash settled scheme. Early termination before the expiry of three full years of service carry the full cost of early termination, including a full forfeit of any potential benefit, with a sliding scale of forfeiture being applied in years four and five. There is no cost to the group associated with the LTEMRS as the scheme is economically hedged. Last year, Remco approved the extension of the scheme for two years from original vesting date of September 2021 to September 2023 for all executives. If the participant leaves after September 2020 but before the amended vesting date of September 2023, the participant will forfeit 20% of the upside of the scheme. The extension of the scheme is considered an amendment of terms and therefore an increased rate, linked to the real interest rate, has been applied to the outstanding funding.

Designation	Awards (thousand)
Executive directors	
AP Pullinger	188
HS Kellan	563
Prescribed officers	
J Celliers	469
J Formby	938
Previous executive directors and prescribed officers*	
C de Kock	938
JP Burger	188

* *JP Burger was CEO until 2018. C de Kock was a prescribed officer until 2020.*

Co-investment scheme

In addition to contractual and performance remuneration, previously eligible prescribed officers were entitled to participate in the co-investment scheme. Profit share, as shown in the table below, is based on a capital contribution placed at risk by participants. There is no cost to the group associated with the co-investment scheme as all capital invested and all risk related are for the account of the individuals. This scheme terminated on 30 June 2021, and participants will be required to sell their investments.

R thousand	**2021**	2020
JR Formby	**6 073**	2 011
AP Pullinger	**3 442**	1 160

MINIMUM SHAREHOLDING REQUIREMENT

With effect from 1 September 2017, executive directors and prescribed officers were required to hold FirstRand shares to the value of at least 50% of their last three years' annual post-tax LTI vesting. The first compulsory assessment was September 2022.

Given the failure of the 2017 and 2018 LTI vestings, this policy was revised in 2021. The revised shareholding requirements are set relative to guaranteed pay and are outlined on page 20. The effective date remained September 2022 or the next LTI vesting date five years after joining FirstRand or appointment to the role. The Aldermore CEO has an effective date seven years from joining to comply with the MSR given the newly introduced deferral requirements under CRDV.

The level of compliance with the minimum shareholding requirement and effective date is outlined in the table below

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS	EFFECTIVE DATE	MINIMUM SHAREHOLDING REQUIREMENT	PERIOD SINCE APPOINTMENT AS EXECUTIVE DIRECTOR OR PRESCRIBED OFFICER	LEVEL OF COMPLIANCE
AP Pullinger	September 2022	300% of GP	>5 YEARS	Compliant ahead of time
HS Kellan	September 2022	200% of GP	>5 YEARS	Compliant ahead of time
M Vilakazi	September 2023	200% of GP	>3 YEARS	New to role and group, compliance required by effective date
J Celliers	September 2022	200% of GP	>5 YEARS	Compliant ahead of time
J Formby	September 2022	200% OF GP	>5 YEARS	Compliant ahead of time
S Cooper	September 2028	100% of salary	0 YEARS	New to role and group, compliance required by effective date

Beneficial ownership and number of shares are outlined below

Directors' and prescribed officers' interest in ordinary shares in FirstRand Limited

	30 June 2021					
	Direct beneficial (thousands)	Indirect beneficial (thousands)	Held by associates (thousands)	**Total 2021 (thousands)**	Total 2020 (thousands)	Percentage holding %
Executive directors and prescribed officers						
A Pullinger	5 150	–	108	**5 258**	5 156	0.09
HS Kellan*	1 060	527	115	**1 702**	1 629	0.03
J Celliers	308	49	–	**357**	393	0.01
JR Formby	711	698	–	**1 409**	1 299	0.03
C de Kock**	–	–	–	**–**	836	–
Non-executive directors						
JP Burger	–	7 617	124	**7 741**	8 045	0.14
GG Gelink	102	–	–	**102**	102	0.00
WR Jardine	11	232	4	**247**	243	0.00
RM Loubser	–	1 810	2	**1 812**	1 812	0.03
Z Roscherr	659	–	–	**659**	659	0.01
T Winterboer	15	–	–	**15**	15	0.00
L von Zeuner	5	3	–	**8**	3	0.00
HL Bosman#	–	–	–	**–**	140	–
NN Gwagwa†	–	–	–	**–**	260	–
EG Matenge-Sebesho†	–	–	–	**–**	77	–
Total	8 021	10 936	353	**19 310**	20 669	0.34

* HS Kellan has 2 000 000 debt securities in FirstRand Bank Ltd which do not form part of this calculation.
** C de Kock is no longer a prescribed officer of the group with effect from 1 July 2020.
# Resigned 30 June 2020.
† Retired November 2019.

Directors' interests remained unchanged from the end of the financial year to the date of this report (including those of directors who have retired and resigned). None of these directors' holdings have been pledged as security, collateral or as aguarantee.

Basel Pillar 3 remuneration tables

The remuneration disclosure requirements of Regulation 43 of the Banks Act and Basel Pillar 3 are disclosed below. The definition of senior management and material risk-takers (MRTs) for the purposes of this regulatory reporting are in line with the SARB Guidance Note 4 of 2020.

In the absence of local remuneration regulations that define an MRT, the group has referenced both the Bank of England Prudential Authority (PRA) and CRD IV (the European Regulations) to arrive at a definition of MRT for FirstRand. This approach ensures alignment with the PA's guidance. This definition was used to identify affected individuals, for the purpose of Guidance Note 4 of 2020 and for the purposes of Basel Pillar 3 remuneration reporting.

The definition of senior management and MRTs is as follows:

QUALITATIVE CRITERIA

> Senior management: FirstRand executive directors and prescribed officers, and business executive committees responsible for banking activities, i.e. FNB, RMB, FCC and Aldermore executive committees.

> Other material risk-takers: Staff whose individual actions have a material impact on the risk exposure of the group based on the ability to:

  - commit a significant amount of the group's risk capital;
  - significantly influence the group's overall liquidity position; or
  - significantly influence other material risks.

> Heads of risk, compliance, audit, legal, finance and IT (control functions).

> Senior managers in terms of BA020.

QUANTITATIVE CRITERIA

> Any individual with total reward in 2020 of >R10 million.

> The highest paid 0.3% of all staff.*

REM1: REMUNERATION AWARDED DURING THE FINANCIAL YEAR

R million		2021 Senior management	2021 Other material risk-takers
Fixed/guaranteed remuneration	*Number of employees*	48	39
	Total fixed remuneration	262	138
	Of which: cash-based[1]	All	All
Variable remuneration and LTIs	Total variable remuneration and LTI	282	221
	Of which: cash-based		
	Of which: deferred[2]	190	158
	Of which: shares or share-linked instruments		
	Of which: deferred[3,4]	92	63
Total		**544**	**359**

1. *Fixed remuneration is cash based and is not deferred.*
2. *Variable compensation (STI) paid in cash in respect of the year ended June is paid in three tranches during the following year ending on 30 June, i.e. August, December and June (with interest on the deferred payments).*
3. *Variable compensation for performance in the current year deferred as a share-linked award vests two years after the award date, based on continued employment and good standing. Referred to as BCIP.*
4. *Long-term incentive awards are made annually under CIP and vesting is dependent on certain corporate performance targets being met on a cumulative basis over three years. The value presented in the table is LTI-settled in the financial year at original award value. Based on new King IV single-figure reporting. Refer to page 55 for an explanation of the methodology.*

REM2: SPECIAL PAYMENTS

	2021					
	Guaranteed bonus[1]		Buy-out awards[2]		Severance payments[3]	
£/R million	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Aldermore prescribed officer (£)	–	–	1	1	–	–
Senior management (R)	–	–	1	1.5	–	–
Other material risk-takers	–	–	–	–	–	–

1. *FirstRand does not pay guaranteed bonuses to management.*
2. *Value of lump sum payments made to employees in the month of joining during the financial year.*
3. *Aggregate rand value of severance payments/allocations related to retrenchment and company-initiated early retirement during the financial year.*

REM3: DEFERRED REMUNERATION

R million	2021				
	Total amount of outstanding deferred remuneration at year end[1]	Of which: total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment[2]	Total amount of amendment during the year due to ex post explicit adjustments[3]	Total amount of amendment during the year due to ex post implicit adjustments[4]	Total amount of deferred remuneration paid out in the financial year[5]
Senior management					
– Cash	219	219	–	5	143
– Shares or share-linked instruments[6]	863	863	–	(29)	77
Other material risk-takers					
– Cash	158	158	–	4	131
– Shares or share-linked instruments	392	392	–	(19)	50
Total	1 632	1 632	–	39	401

1. *Deferred remuneration is in the form of cash and share-linked instruments (LTIs and deferred share-linked STIs).*
2. *Full amount of deferred remuneration is subject to malus and clawback, share price fluctuations and performance conditions.*
3. *Ex post explicit adjustments are direct adjustment clauses (for instance, subject to malus, clawbacks or similar reversals or downward revaluations of awards).*
4. *Ex post implicit adjustments reflect changes in the share price growth and interest earned on the awards paid out (settled) in the financial year.*
5. *The values at settlement date include share price growth and interest earned from grant date.*
6. *Deferred share-linked STI award vesting depends on continued employment over two years. FirstRand does not apply graded vesting to LTI awards allocated before September 2019, with awards thereafter having graded vesting. For these incentive schemes, LTI vesting depends on performance conditions and targets being met on a cumulative basis over three years. The group does not apply a probability of vesting to the unvested awards and the assumption is 100% vesting up until the final remuneration committee decision, given the current environment and uncertainty in quantifying the probability of vesting.*

Non-executive directors' remuneration

	2021			2020		
	Services as directors			Services as directors		
R thousand	**FirstRand**	**Group**	**Total**	FirstRand	Group	Total
Independent non-executive directors						
WR Jardine	**7 060**	**289**	**7 349**	6 282	273	6 555
MS Bomela (resigned at 2020 AGM)	**649**	**–**	**649**	1 142	–	1 142
G Gelink	**2 630**	**1 814**	**4 444**	2 690	1 595	4 285
NN Gwagwa (resigned at 2019 AGM)	**–**	**–**	**–**	672	–	672
RM Loubser	**3 051**	**2 407**	**5 458**	2 670	1 892	4 562
PJ Makosholo (resigned 30 June 2020)	**–**	**–**	**–**	1 407	541	1 948
TS Mashego	**1 403**	**348**	**1 751**	1 064	133	1 197
EG Matenge-Sebesho (resigned at 2019 AGM)	**–**	**–**	**–**	632	663	1 295
AT Nzimande (resigned at 2020 AGM)	**871**	**–**	**871**	1 369	–	1 369
L von Zeuner (appointed 1 February 2019)	**2 655**	**608**	**3 263**	1 533	173	1 706
T Winterboer	**1 758**	**642**	**2 400**	1 451	490	1 941
Z Roscherr (appointed 1 April 2020)	**1 672**	**886**	**2 558**	763	750	1 513
SP Sibisi (appointed 1 April 2021)	**196**	**–**	**196**	–	–	–
Non-executive directors						
HL Bosman (resigned 30 June 2020)	**–**	**–**	**–**	1 262	33	1 295
JP Burger (appointed 1 September 2018)	**2 287**	**1 053**	**3 340**	2 105	1 007	3 112
JJ Durand (resigned at 2019 AGM)	**–**	**–**	**–**	277	–	277
F Knoetze	**1 559**	**823**	**2 382**	1 272	749	2 021
Total non-executive directors	**25 791**	**8 870**	**34 661**	26 591	8 299	34 890

No inflationary increase was applied to the 2021 non-executive directors' fees. However, there are year-on-year variances for the following reasons:

> In response to the Covid-19 pandemic, certain non-executive directors waived a portion of their quarterly fees, which totalled R2.4 million. The group donated the amount to the FirstRand SPIRE fund for the purchase of personal protective equipment and essential supplies.

> All non-executive directors attended three additional board training sessions and one additional strategy session in 2021 compared to 2020.

> During the year, certain non-executive directors took on additional or different roles on board subcommittees.

> Pro-rata of fees due to non-executive directors becoming board members or retiring part-way through the year.

An internal benchmarking exercise against industry peers was performed to inform the inflationary 3% increase of the 2022 non-executive director fees that will be proposed at the annual general meeting www.firstrand.co.za

FirstRand